

JPRS-UIE-84-013

7 June 1984

USSR Report

INTERNATIONAL ECONOMIC RELATIONS



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USSR-CEMA TRADE

CEMA AGRO-INDUSTRIAL PRODUCTION

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) pp 25-27

[Article by Chairman of the Bulgarian National Agro-Industrial Union Aleksandur Petkov, chairman of the CEMA Permanent Commission for the Food Industry: "Solving the Food Problem"]

[Text] The cooperation of the member countries of the Council for Mutual Economic Assistance encompasses practically all the sectors of the national economy. Cooperation in the development of the industrial production of food and gustatory goods is of great importance for meeting the increasing needs of the population for foodstuffs. Multilateral cooperation in this direction commenced more than 25 years ago, while the CEMA Permanent Commission for the Food Industry was established in 1963 in accordance with a decision of the 18th meeting of the Session of the Council.

At the first meeting of the commission, which was held in October 1963 in Sofia, the main directions of its activity were specified. For the purposes of the most complete meeting of the needs of the population of the CEMA member countries for foodstuffs its work should be carried out on the basis of the extension and improvement of cooperation and the development of socialist economic integration. Delegations of all the CEMA member countries are a part of it. Since 1974 in conformity with the Agreement Between CEMA and the Government of Yugoslavia a delegation of Yugoslavia has been participating in its work on questions which are of mutual interest.

The Communist and Workers' Parties of the fraternal countries, while implementing extensive programs of social development and the increase of the well-being of the peoples, are devoting particular attention to food questions. An important role here belongs to the food industry, the intensive growth of which has made it possible to improve noticeably the supply of the population with foodstuffs.

As a whole during the past 20 years the gross output of the food industry of the CEMA member countries has increased by more than 2.5-fold. Here the average annual growth rate of the sector is 1.7-fold greater as compared with the growth rate of the food industry in the countries of the European Economic Community. Today, while making up only 10 percent of the population of the world, the CEMA member countries provide a third of the world production of

wheat, 40 percent of the sugar beets, 49 percent of the potatoes, more than 18 percent of the meat, 28 percent of the milk, 20 percent of the eggs, 29 percent of the animal oil, 28 percent of the margarine, 25 percent of the sugar and about 16 percent of the catch of fish.

Considerable capital investments are being allocated for the development of the food industry in the fraternal countries. Thousands of enterprises for the processing of meat, fish, milk and the seeds of oil-bearing crops, the production of confectionary and baked goods, sugar, beer, canned fruits and vegetables and others have been built and renovated, including with the mutual technical assistance of the CEMA member countries.

Modern technological processes and equipment, which make it possible to boost the volumes of output of products and to increase their quality, are being introduced for the purpose of the intensive retooling of the sector. The assortment is being constantly enlarged and updated, including by means of the assimilation of the production of new high quality food products, which have been developed on the basis of the international socialist division of labor.

A level of nutrition of the population which is already quite high in caloric value has been achieved in the countries of the socialist community. Now its structure has to be improved qualitatively, by increasing the consumption of animal proteins, vegetables and fruits. The reciprocal deliveries of flavoring goods, which in the past 20 years as a whole have increased by more than sevenfold, is called upon to play a significant role here.

Economic, scientific and technical cooperation in conformity with the Comprehensive Program and the long-term goal program of cooperation in the area of agriculture and the food industry is of great importance for the development of the food complex of the CEMA member countries. These are documents of the coordinated strategy of cooperation for the period to 1990. The coordinated solution of problems in these areas jointly with machine building, the chemical industry and other sectors of the national economy is envisaged in them.

Thus far the CEMA member countries have signed more than 60 agreements and contracts on economic, scientific and technical cooperation on a multilateral basis in the area of the food industry. Yugoslavia is also taking part in the implementation of many measures.

Thus, on the basis of agreements on the international specialization and co-operation of production the CSSR annually delivers to Bulgaria, Hungary, Poland, Romania and the USSR more than 100 million running meters of protein sausage casing; Hungary and Yugoslavia deliver to the GDR, Poland, the USSR and the CSSR about 25,000 tons of grape wine. The mutual exchange of gene funds of freshwater fish in the amount of 1.5 million to 1.8 million fry a year has been organized, which will provide an increase of the amount of commercial fish by 1990 by approximately 100,000 tons.

The further intensification of specialization and the increase of production by means of the expansion of the existing capacities and the building of new capacities of agricultural and industrial enterprises, the complete

mechanization and automation of technological processes and the renovation of port structures on the basis of the combination of the material, technical and financial resources and the scientific and technical potential of the countries which are parties to the agreements are envisaged by the general agreements on the comprehensive development of the production of sugar and citrus fruits in the Republic of Cuba. All this will make it possible to increase significantly the deliveries of sugar and citrus fruits in fresh and processed form to the interested CEMA member countries.

Scientific and technical cooperation in the food industry is being developed and improved. In practice it is now possible to speak of multilateral cooperation. Thus, research on the development of the technology of the production and use of texturized food proteins made from vegetable raw materials, enzyme compounds, dietetic and low-calorie products is being conducted in conformity with the Agreement on Scientific and Technical Cooperation on the Problem "The Increase of the Food Value of Existing Types of High Quality Food Products and the Development of New Types." As a result more than 1,000 new types of food products, including about 300 products of children's nutrition, have been produced.

The agreements and contracts on the cooperation of the CEMA member countries in the improvement and development of technology and equipment in the oils and fats, sugar, canning, meat, dairy, confectionary and food concentrate industries and freshwater commercial fish breeding are being successfully implemented. After the completion of the scientific and planning and design work by 1990 it is envisaged to produce about 200 models of new or cardinally modernized equipment and complete lines. On their basis it is planned to improve significantly the existing technological processes and to introduce new ones and to increase greatly the output of food products.

The commission is devoting much attention to the organization of cooperation on the problems of environmental protection and the efficient and economical use of raw material, fuel and energy resources. Design proposals on the construction of enterprises of the sector are being drawn up. Owing just to the cooperation of the fraternal countries during 1976-1980 about 200 scientific, technical, planning and design developments and 135 sets of technological documents for the production of new products, mainly of children's and dietetic nutrition, were introduced in the food industry.

An integrated unit for the production of protein food products from sunflower seeds and soy beans; a mechanized line for the determination of the sugar content and dirtiness of sugar beets; a self-contained fish breeding unit with the recirculation of the water; a line for the processing of machine-harvested cucumbers; a filtering centrifuge for obtaining juice from apples and a device for the clarification of fruit juices with the use of ultra-filtration and others have been developed in recent years and are being put into operation.

Moreover, in conformity with the agreements the technical specifications for another series of equipment for the meat, oils and fats and canning industry and freshwater fish breeding, for the production of pilot industrial models and the organization of specialized production have been prepared and turned

over to machine building organizations. The scientific research has been completed and new technologies and formulas of the production of a wide assortment of sausage and meat items, canned fruit and vegetable products and feeds for several species of fish have been turned over for introduction.

Enzyme compounds and protein enriching additives have received extensive use in the development of new foodstuffs in the baking, confectionary, meat and other sectors. The highly efficient technology of the aseptic canning of pureed products has been assimilated in the canning industry.

Modern container materials for food products, particularly economical types of tin, various polymeric and combined materials, including with the use of aluminum foil, paper, cardboard and plastics, have been developed by joint efforts.

In all 90 CEMA standards for food products and containers for their packaging have been recommended for introduction; 96 are at the stage of study.

In the CEMA member countries more than 50 inventions in the area of the food industry have been registered, which attests to the high level of joint scientific developments. About 250 themes and assignments are being prepared in conformity with the plan of scientific and technical cooperation in the food industry for 1981-1985. More than 200 will be completed, while the results of 50 of them will be introduced in production already during the current five-year plan. It is planned to use the others during the next five-year plan. With each year the exchange of information on achievements and advanced know-how is increasing.

Having made definite gains in the supply of the population with foodstuffs, the fraternal countries have posed as one of the most important tasks for the 1980's the increase of their quality, the significant enlargement of the assortment of food and the improvement of its structure.

Measures on the cooperation of the CEMA member countries for the period to 1990 in the comprehensive solution of the problems of the increase of the quality of food and gustatory products, as well as the supply of the food industry with high quality raw materials and materials and its provision with modern highly productive equipment were elaborated with the active participation of the commission and in 1982 were approved by the CEMA Executive Committee.

In conformity with this document the activity on the further development of the sector on the basis of the intensification of scientific and technical research and the introduction of its results in practice, the mutual exchange of advanced know-how of the comprehensive and most complete use of raw material resources and the decrease of their losses during storage, transportation and processing, the intensification of technological processes, the extensive use of enriching protein additives and vitamins, enzyme compounds and other types of small-tonnage products was developed within the commission.

The CEMA member countries are working jointly on the problems of the increase of the quality of agricultural food raw materials by means of the selection and development of strains of wheat with improved milling and baking properties, vegetables and fruits, which it is possible to harvest by machine and

to process commercially, the improvement and breeding of new breeds of large-horned cattle, hogs, as well as poultry for meat.

An important role is being assigned to specialization and cooperation in the production of sets of systems and equipment for the efficient processing of agricultural raw materials, automated systems of the evaluation of their quality and the finished product, advanced container materials, as well as to the comprehensive development of refrigeration facilities, including the transportation, storage, processing and sale of food products.

The problem of improving the supply of the population of the CEMA member countries with food products requires the purposeful and coordinated development of all sectors and the national agro-industrial complexes, the increase of the effectiveness of economic, scientific and technical cooperation and the extension of economic integration and the advantages of specialization and cooperation.

Regarding the utmost development of the agro-industrial complex and cooperation in this sphere as a vital task, the CEMA Session at the 37th meeting in October 1983 approved the Comprehensive Measures of Cooperation for the Improvement of the Supply of the CEMA Member Countries With Foodstuffs. They supplement the long-term goal program of cooperation in the area of agriculture and the food industry. The session deemed it necessary that the CEMA member countries would coordinate and implement the corresponding measures, including the participation of the interested countries in capital investments and in the provision on a bilateral and multilateral basis to the exporting countries of other economic conditions of the stimulation of the production of foodstuffs.

The session commissioned the CEMA organs, which are participating in the implementation of these Comprehensive Measures, including the commission, to ensure their implementation during the coordination of the national economic plans for 1986-1990, including the preparation of the corresponding agreements.

This is affording great prospects. The task was posed, by using the increased economic potential of the countries, by means of the steady increase of the production of grain, meat, milk, vegetables, fruits and fish, as well as the products of their processing on the basis of the increase of production efficiency in all the units of the agro-industrial complex, the increase of the yield of agricultural crops, the productivity of livestock and poultry and other measures of an intensive nature, to ensure in the shortest possible time the steady supply of the population with all types of foodstuffs and to improve substantially the structure of the diet.

Cooperation in the food industry will be aimed at the improvement of technological processes, the expansion and renovation of enterprises and the intensification of the specialization of the production of individual types of products. Here the tasks of the sharp improvement of the use of agricultural raw materials by means of their more thorough and complete processing, the complete extraction of valuable nutrients, the extensive use of secondary material resources and the development of waste-free production remain some of the important tasks.

The strengthening of the material and technical base of the food industry is of decisive importance in the supply of the CEMA member countries with food-stuffs. For this there are envisaged in the measures: the improvement and the development of integrated systems of machines and apparatus for the purpose of the retooling of enterprises, which will make it possible to ensure the processing of agricultural raw materials in accordance with a waste-free processing method; the organization of the production of means of the automation of the control of the quality of the agricultural raw materials, which are arriving for industrial processing, and the control of technological processes; the increase of the output of refrigeration equipment, which is required in case of the storage and transportation of perishable products; the supply of food works with aluminum foil, tin plate, paper, cardboard and other container materials.

The successful implementation of the planned measures will promote the boosting of the production, the increase of the quality and the enlargement of the assortment of food products and the increase of the well-being of the people in the CEMA member countries.

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USSR-CEMA TRADE

GREATER CEMA ECONOMIC COOPERATION DETAILED

CEMA: Deepening Cooperation

Moscow APN DAILY REVIEW in English 6 Apr 84 pp 1-6

[Article by R. Ultanbayev, master of science (economics) entitled: "CEMA: Deepening Cooperation"]

[Text] The world socialist system is advancing confidently. In 1981-1983 the CEMA countries furthered the intensification of production in all fields. They did much to update economic management, strengthen plan and workplace discipline, introduce the achievements of science and technology into the economy, combat the losses of working time and promote the economy drive.

They registered new socio-economic advances. Despite a worsening international situation, Western discriminatory policies and the increased cost of new materials and energy, in 1983 the CEMA countries, continuing to develop along an upward line showed higher growth rates than in 1981-1982. They increased national incomes, agricultural production, and industrial production, particularly in sectors decisive for faster scientific and technical progress, and raised the living standards of the public.

The CEMA countries fixed targets for 1984, proceeding from their achievements and possibilities. The plans for 1984 stressed the need to consolidate the positive trends and processes in the economies of the CEMA countries. More efficient economic performance by the CEMA countries will promote the main objective of socialism which is ever-higher living standards. The plans provide for higher real incomes of the public, greater construction of housing, cultural centres and personal service projects and the further development of education, health care, and culture. They emphasize the efficiency of production, the social aspect of economic growth and the in-depth development of cooperation among CEMA countries.

Compared with the previous year, in 1984 national income will grow by 3.8 per cent in Bulgaria, 1.5-2 per cent in Hungary, 4.4 per cent in the GDR, 6 per cent in Mongolia, 3.5 per cent in Poland, 3.1 per cent in USSR and 3.0 per cent

in Czechoslovakia. These increases will be made possible by greater industrial and agricultural production and higher productivity.

Higher productivity will account for 60 per cent of the increase in national income in Mongolia, 86 per cent in Czechoslovakia, and 97 per cent in the USSR.

CEMA countries are carrying out programs aimed at saving resources through their thrifty use. In the GDR, the input of fuel, energy and raw materials per 100 marks' worth of gross output will go down by 7.5 per cent, and in the USSR the expenditure of energy will be reduced by 1.5 and that of metal by 2.5 per cent per unit of national income. In Czechoslovakia, economic advance will be ensured with a saving of 2.2 million tons of standard fuel which will reduce the energy intensity of national income by 2 per cent. Particular attention is devoted to large-scale recirculation programs. Projected recirculation schemes will save the USSR over 9 billion roubles' worth of primary resources.

At the special plenary meeting of the CPSU Central Committee in February K. U. Chernenko, General Secretary of the CPSU Central Committee, said that "intensification and faster introduction of the achievements of science and technology into production, and major comprehensive programs should, in the final analysis, raise Soviet society's productive forces to an entirely new level". Other CEMA countries also set themselves similar tasks. Accent is made on more efficient planning and management so as to begin new five-year plans with better economic mechanisms that will make it possible to fuller use the potential of socialist economies and intra-CEMA cooperation.

Every CEMA country tackles its problems primarily through the fullest possible use of its domestic resources and possibilities. At the same time, the importance is growing of bilateral cooperation between CEMA countries and their multilateral cooperative projects within CEMA framework.

CEMA countries expand cooperation in geological prospecting to increase the supply of fuel, energy and raw materials. CEMA countries work jointly to increase the known reserves of minerals and reciprocal deliveries of fuel and other raw materials, to equip fuel producers and consumers with the up-to-date efficient plant, and to bring new sources of energy into use.

Increase in electricity generation in the CEMA area hinges on atomic power schemes. CEMA countries are engaged in the construction of atomic power stations, totalling 37 million KW, using the equipment they manufacture collaboratively. This will help improve their fuel and energy pattern and increase the proportion of atomic power stations in total electricity output to 15-30 per cent (in Bulgaria to more than 40 per cent) by 1990.

Using Soviet technical assistance, CEMA countries have built atomic power stations with an aggregate capacity of 25 million kilowatts (they totalled 9 million kilowatts in 1977). These stations have generated over 135 billion KWH of electricity. Another 36 generating units with an aggregate capacity of 23 million kilowatts are being contemplated, blueprinted or built in the CEMA countries, excluding the USSR. In the next ten years the aggregate

capacity of the atomic power stations in the CEMA countries will reach 100 million kilowatts.

Deeper international specialisation and cooperation facilitated the growth of mechanical engineering grew by 2.4 times and intra-CEMA exports of machinery and equipment increased by more than 3.6 times. CEMA countries meet the bulk of their requirements for imported technology through reciprocal trade, which helps to raise the technical level of their economic performance.

CEMA countries look for extra reserves in scientific and technical cooperation in key sectors which stand out in terms of the high proportion of high-skill personnel and the funds they receive for research and development. These sectors include, among others, chemical, electrical engineering, electronics, instruments, aviation and automobile industries. Cooperation in these sectors proceeds on the basis of comprehensive programs covering science, technology, production, including unification and standardization, and sales.

The CEMA countries' economies are being retooled, with emphasis being made on automation in industry, agriculture and administration. With every year CEMA countries reduce manual labour, eliminating arduous jobs and saving growing quantities of energy, crude products and materials. This helps to raise productivity and attain important economic and political targets.

Growing intra-CEMA trade points to the in-depth development of international socialist division of labour. In 1950-1982 intra-CEMA trade increased by 30 times. The relevant figures for individual CEMA countries follow: Bulgaria by 61 times, Hungary by 34 times, the GDR by 34 times, Poland by 21 times, Romania by 18 times, the USSR by 35 times, and Czechoslovakia by 24 times.

The Soviet Union successfully develops commerce with its CEMA partners. Compared with the preceding year, in 1982 the USSR's trade with these nations grew by 12.5 per cent to 58.7 billion roubles. The share of these countries in the USSR's overall foreign trade grew from 47.6 per cent in 1981 to 49.1 per cent in 1982.

Deliveries of Soviet machinery, industrial plant and transport facilities are important for the progress of other CEMA countries' electricity supply industry, including atomic power stations, and also for their metallurgical, oil-processing, petrochemical, construction and engineering industries, agriculture and transport. The USSR is stepping up the provision of its CEMA partners with TV sets, radios, clocks and watches, photographic cameras, refrigerates and other durables.

Despite difficulties with the output of fuel and raw materials, in 1981-1983 the USSR did not reduce deliveries of oil, oil products, natural gas, iron ore, rolled ferrous and non-ferrous metals, timber, cotton, chemicals and other goods to CEMA countries. In this period the USSR supplied these countries with 264 million tons of oil and oil products, 92 billion cubic metres of gas, 53 billion kilowatt-hours of electricity, 128 million tons of iron-containing crude products, and 19 million tons of mineral fertilizers.

Of great importance for the USSR were the machinery, equipment and consumer goods it received from other CEMA countries.

The crisis of the world capitalist economy underscores the great advantages of socialism and of the international relations of a new type that connect the CEMA countries and also the fruits of intra-CEMA socialist economic integration which boosts the progress of the countries concerned in all fields.

CEMA countries have accumulated considerable experience of effective cooperation in different fields. Practice shows that there are great reserves for the growth of intra-CEMA cooperation. In the opinion of the ruling parties of the CEMA countries, a change-over to intensive growth factors and emphasis on major social problems requires deeper cooperation within the CEMA area and optimal combination of the interests of every CEMA country with those of the community as a whole. CEMA countries plan to harmonize the economic policies in the period ending in the year 2000. They are currently coordinating plans for 1986-1990. In the course of this coordination, they formulate measures to raise production efficiency, ensure the more thrifty use of materials, manpower and funds, and to promote industrial modernization and more balanced trade and payments in the CEMA area.

CEMA countries develop institutional, legal and economic prerequisites to stimulate enterprises to establish direct production links with their counterparts within the framework of the community. The growth of such ties is important for improving the economic mechanism of intra-CEMA integration, facilitating closer cooperation between manufacturers from different CEMA countries and their greater involvement in the production of commodities on the basis of industrial cooperation schemes. CEMA countries extensively study each other's experience of economic growth.

The decisions passed by the 37th CEMA Session which took place in Berlin in October, 1983 will help promote intra-CEMA socialist integration and intensification of CEMA countries' economies. The session demonstrated once again the unity and cohesion of the CEMA nations. The Session condemned the stationing of new U.S. medium-range nuclear missiles in Western Europe and reaffirmed the CEMA countries' resolve to put an end to the arms race, to preserve peace and to foster international cooperation.

The Session endorsed the basic lines of the CEMA countries' further cooperation to ensure the more rational use of fuel, energy and raw materials. In view of the prime importance attached to improving food supply in CEMA countries the session approved a package of measures to promote cooperation in the development of agriculture and related industries. In particular, participants in the Session agreed upon cooperation in the provision of agriculture and food industry with progressive technology, more rational utilization of agricultural raw materials, and the development of advanced methods for these sectors. In accordance with instructions from the session, in the course of the coordination of the economic plans for 1986-1990, CEMA agencies will take steps to develop cooperation in the saving of resources and improving food supplies to the public.

The Politburo of the CPSU Central Committee pointed to the great importance of the preparations for a CEMA economic summit, completed at the 37th CEMA Session. The forthcoming CEMA economic summit will facilitate the economic progress of the CEMA countries, the in-depth growth of their socialist economic integration, and the further growth of the unity and cohesion of the socialist nations.

(Agitator No 6, 1984. Abridged.)

Additional Trade Data

[Editorial Report] Moscow AGITATOR in Russian Number 6, March 1984 (signed to press 2 March 1984) carries on pages 42-45 the 3,000-word R. Ultanbayev article entitled "CEMA: Deepening Cooperation." Additional information omitted from the APN DAILY REVIEW translation is as follows.

In the current year, gross agricultural output grew by 3.1 percent in Bulgaria, 1 percent in Hungary, 9 percent in Mongolia, 1.4-1.8 percent in Poland, and by 6.4 percent in the USSR. In the GDR, stock-raising production rose by 5.1 percent, and crop-growing by 8.4 percent.

The share of machinery and equipment in CEMA-country mutual exports in the 1970's rose from 39.7 percent to 42.4 percent. The proportion of specialized product exports, reflecting the degree of international specialization and production cooperation, increased within CEMA from 17.7 percent to 35 percent. The socialist countries are also working out cooperative production of the "Ryad" type computer, equipment for atomic power stations, for bore-hole drilling and oil and gas industry equipment, and the production of bearings, metalcutting lathes, and agricultural machinery.

Projects constructed in the USSR with CEMA cooperation include the Soyuz gas pipeline, the Kiyembayevskiy asbestos plant, the Ust'-Il'msk cellulose plant, new capacity for the production of iron-bearing raw material and ferroalloys, and the Novovolynsk special technical equipment plant. Other projects include the Vinnitsa-Albertirsha electrical transmission line between the USSR and Hungary; beginning construction of the Mozyr' plant for producing nutrient yeast from crude petroleum and the Khmel'nitskiy atomic energy station with a transmission line to Rzeszów (Poland); the Mongolian "Erdenet" concern for producing copper and molybdenum concentrates; and the work in progress to equip nickel enterprises in Cuba.

The article also gives a table on CEMA-member mutual trade:

MUTUAL FOREIGN TRADE OF CEMA MEMBER COUNTRIES (in millions of rubles)						
	1950	1960	1970	1975	1980	1982
CEMA-COUNTRY TOTALS	4,525	14,339	33,493	70,996	120,090	149,246
Bulgaria	199	872	2,570	5,551	9,624	12,267
Hungary	356	1,037	2,669	5,714	10,302	12,803
GDR	570	2,679	5,709	10,550	16,122	19,593
Cuba	...	192	1,355	3,055	5,475	7,684
Mongolia	64	127	176	336	615	878
Poland	685	1,437	4,067	8,486	13,210	14,472
Romania	342	821	1,689	3,022	5,714	6,318
USSR	1,679	5,343	12,284	26,248	45,777	58,702
Czechoslovakia	695	2,150	4,329	8,036	13,252	16,618

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USSR-CEMA TRADE

IBEC CONTRIBUTIONS TO CEMA INTEGRATION REVIEWED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) pp 63-66

[Article by Yuriy Konstantinov, chief of a department of the CEMA Secretariat: "A Reliable Tool of the Economic Integration of the CEMA Member Countries"]

[Text] Living in accordance with the laws of friendship and fraternity, the peoples of the member countries of the Council for Mutual Economic Assistance, which is 35 years old, are confidently taking the path of construction. Socialist economic integration is actively contributing to the strengthening of their national economies and solidarity. The comprehensive economic cooperation of the CEMA member countries is based on a reliable economic mechanism, of which their settlement and credit relations, which are being developed dynamically on the basis of the international socialist collective currency--the transferable ruble--is a component.

A Bank of a New Type

For 20 years now the International Bank for Economic Cooperation (IBEC) has been the international financial institution, which directly carries out settlement, credit and deposit operations in the collective currency. It began its work in January 1964. The need for the establishment of such a bank was due to the objective process of the internationalization of the economic life of the fraternal countries. During the initial period their economic cooperation was carried out primarily in the sphere of circulation and to a significant extent on a bilateral basis. The clearing method of settlements, which is generally accepted in world banking practice, and, as a rule, a bilateral method, was used for payments on foreign trade transactions. It envisaged the equality of the commodity deliveries and payments between the countries. At that time this conformed to the nature of their mutual economic relations, furthered the planned commodity turnover and made it possible to carry out settlements, without enlisting gold and convertible currency.

By the early 1960's with the intensification of the international socialist division of labor and the development of integration cooperation it was necessary to change over to multilateral settlements by means of a currency which performs the functions of a measure of value, a means of payment and a means of accumulation.

First of all the question of what currency specifically should serve the mutual settlements of the CEMA member countries: their national currency, the currency of a third country, for example, the U.S. dollar, or a common, collective currency, had to be settled. The dollar was unacceptable. This is the currency of a market economy. Its extensive use in the mutual settlements of the CEMA member countries would have hindered the implementation of the requirements of the economic law of socialism--the law of planned, proportionate development, which objectively operates in the sphere of the international currency and credit relations of these countries. Moreover, the U.S. dollar is the currency of one state, and its national nature is at variance with the international nature of the world economic relations which are served by this currency. Now the countries of Western Europe also understand this. Many states are urgently calling upon the U.S. Government to agree to the reorganization of the world currency system of capitalism. However, the American side invariably rejects the suggestions of its partners, because to agree with them means to reject the dictatorship of the dollar and the situation which is helping the United States to prevail in the economic rivalry in the capitalist world.

At present on the world financial markets an overwhelming portion of the settlements--up to 80 percent--is made in dollars. The refusal to back the dollar with gold in conformity with the procedure which was adopted in 1944 at the Bretton Woods Conference is leading to crises of the capitalist currencies and is enabling the United States to flood the capitalist money markets with paper dollars and thereby to destabilize the finances and economy of Western Europe. This is contributing to the growth of unemployment and the increase of domestic prices in the partner countries. The less developed countries, which are forced to pay too much for goods imported from the United States, are especially suffering. By granting them loans at high interest rates, Washington is causing the enormous increase of their foreign debt. More than 40 less developed countries are now on the verge of bankruptcy.

When creating their own independent socialist currency system, the CEMA member countries also took these negative consequences of the functioning of the U.S. dollar as an international currency into account. At that time it also seemed impossible to use the national currencies of the CEMA member countries in the sphere of mutual international economic relations. Since the countries have a different economic potential, assurance of the equal and efficient use of each national currency in international settlements could have been difficult. Moreover, such systems of pricing, in case of which the prices of different types and groups of goods deviate unequally from the national value, had formed historically in the CEMA member countries; their proportions differ noticeably from the proportions of the world capitalist and contract prices which had formed in reciprocal trade. This would not have made it possible to ensure complete equivalence in settlements, while equivalence and reciprocity are one of the basic principles of the economic relations of the countries of the socialist community.

Taking into account the nature of the international economic relations of the new socialist type, which are truly just, equal and fraternal, the CEMA member countries consciously took the path of the creation of such a currency, which in socioeconomic content and legal status would be a common, collective

currency. The transferable ruble--the international collective socialist currency, which is based on the economic potential of all the CEMA member countries and is closely connected with the entire coordinated mechanism of the management of the integration process--became it.

In its nature the transferable ruble as an international currency differs from all the national currencies of the CEMA member countries, including the Soviet ruble. The purchasing power of the transferable ruble is determined by the level of foreign trade prices on the international market of the CEMA member countries, while that of the Soviet ruble is determined by the level of domestic prices which are in effect in the USSR. The IBEC determines the need for transferable rubles, on the basis of the needs of the interstate payment turnover. Not one of the CEMA member countries has such a right. Their banks of issue can put into circulation only national monetary units in conformity with the needs of the domestic money turnover.

In the Comprehensive Program of Socialist Economic Integration it is indicated: "The socialist collective currency (the transferable ruble) has a real commodity backing on the basis of the planned development of the commodity turnover of the CEMA member countries at agreed contract prices, which are established on the basis of world prices with the freeing of them from the harmful influence of the market factors of the capitalist market, which ensures its stability and independence from the crisis phenomena of the capitalist currency system."

The creation of the collective currency naturally required the organization of a collective financial organ which would carry out operations in this currency. The International Bank for Economic Cooperation--an international credit institution of a new, socialist type, of which there are no analogues in world banking practice--became it. In spite of the fact that the contributions to the authorized capital stock of the IBEC are made by the member countries in proportion to the volume of their export in reciprocal trade, credits in transferable rubles are granted to them regardless of the amount of the contribution. Thus, the contribution of Mongolia to the authorized capital stock of the IBEC comes to 3 million transferable rubles, or 1 percent of its total amount, while that of the Soviet Union comes to 116 million transferable rubles, or 38 percent. However, the rights of Mongolia and the USSR in the Council of the Bank are equal. Here each country has one vote regardless of its proportionate involvement in the capital of the bank. The obtaining of credits does not depend on any preliminary conditions which affect the independence of the countries and their political course.

The relations in the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) are different. Thus, in the IMF decisions are made subject to the number of votes, which depends on the share of the countries in its capital. The larger the share, the more votes. In particular, in this organization the United States has as many votes as 80 less developed countries taken together. This enables the United States to control the activity of the IMF, to dictate decisions to the detriment of the other countries and to exert economic and political pressure on the developing states.

As to the so-called economic assistance which is granted by international credit organizations of the West to developing states, it is, in essence, a tool of the neocolonialist policy of imperialism and a lever of interference in their domestic affairs. Many economists of these states also understand this. Well-known Pakistani economist Doctor Mubashir Rahman, for example, came to such a conclusion in an article which was published in the journal ECONOMIC REVIEW, which is printed in Karachi.

The imperialist states, the author notes, are laying down newer and newer economic and political conditions when granting loans to young states through the channels of the IBRD and the IMF. Now the West not only is striving to pump more monetary assets from the less developed countries, but is also demanding that the latter would give it ever increasing support in the "cold" war against the Soviet Union and the other socialist countries.

It is possible, M. Rahman writes, to trace clearly the unseemly role of the IBRD and the IMF from the example of Pakistan. While promising financial assistance, they demanded of Pakistan "to fling the doors open even wider for the import of western goods," to devalue the rupee, to increase taxes, to cut government subsidies for the development of the state sector and to introduce additional benefits for the private sector. The demands of this sort, which are made on young states, lead in the end to their loss of sovereignty and independence.

There are many such examples. Thus, the IMF made financial and economic demands of an antipopular nature on Venezuela, when it recently appealed for aid. The IMF recommendations envisage, in particular, the doing away with the state sector of the economy as being "unprofitable," the granting to foreign concerns of the right to carry on management in industry and agriculture of the country, the repeal of the control on prices for necessities, the devaluation of the national monetary unit, the sharp decrease of state allocations for social needs and the "freezing" of the wages of workers and employees.

Even American economists have been forced to admit the political orientation of the IMF and the IBRD. As the newspaper THE NATIONAL HERALD wrote in the summer of 1983, in the report which was prepared by prominent American economist Professor C. Rossiter of Cornell University, it was indicated that the American administration is compiling a "blacklist." The governments which are displeasing to Washington and are liable to open discrimination and pressure on the part of the IBRD and the IMF are included in it. In recent years, the newspaper notes, this list has been enlarged by such countries as Laos, Kampuchea, Mozambique, Angola and Uganda, the governments of which "do not suit" the United States.

In the Service of Integration

The 20 years of activity of the IBEC have shown that the created settlement and credit mechanism in transferable rubles ensures the continuous and timely making of settlements between the CEMA member countries on all types of operations. This mechanism equally takes into account the economic interests of each of them, ensuring the unconditional equality of the trade partners.

Meanwhile several organs of the western press, in misinforming their readers, at times attempt to deliberately belittle the role of the international currency system of the CEMA member countries, which is based on the use of the transferable ruble. Thus, the journal NEWSWEEK of 28 November 1983 called it "ineffective" and "hindering trade." As if seconding it, the journal THE ECONOMIST of 15 October 1983 saw in the transferable ruble "nothing but an accounting means with respect to bilateral trade transactions." But this is a fabrication. In reality the assets which are received from the sale of goods to one country can be used for payments to another which is involved in settlements in transferable rubles. In case there arises in individual countries a shortage of assets for the payment of a partner, the IBEC grants them credit.

Functioning in interaction with the credit mechanism, such a system of settlements promotes the growth of the reciprocal commodity turnover of the CEMA member countries and the implementation of the large-scale economic projects which are envisaged by the Comprehensive Program of Socialist Economic Integration, the long-term goal programs of cooperation and the coordinated plans of multilateral integration measures of the countries of the socialist community.

The volume of the reciprocal foreign trade turnover of the fraternal countries, which accounts for more than half of their entire foreign trade, increased from 22 billion rubles in 1963 to more than 149 billion rubles in 1982, or by nearly sevenfold.

The volume of the mutual settlements of the CEMA member countries increased from 22.9 billion transferable rubles in 1964 to 176.8 billion transferable rubles in 1983, or by 7.7-fold. The amount of the credits granted by the IBEC to authorized banks in 1983 reached 12.5 billion transferable rubles as against 1.5 billion in 1964; that is, it increased by more than eightfold.

In the 20 years of activity of the IBEC the volume of the operations carried out by it in the collective currency has exceeded 1.44 trillion transferable rubles; the amount of granted loans has reached 100 billion transferable rubles.

Now, in essence, there is not one area of the mutual economic cooperation of the CEMA member countries in which the transferable ruble is not used.

The 20 years of functioning of the settlement and credit mechanism in transferable rubles have confirmed such an important advantage of it as the lack of the need to create for the making of settlements special monetary reserves in convertible capitalist currencies and gold. This is enabling the CEMA member countries not to resort to the additional export of goods to the capitalist market and not to divert from the national economy major material resources, using them for the dynamic development of the national economy and the increase of the standard of living of the population.

The transferable ruble to a significant extent shields the mutual economic cooperation of the fraternal countries from the consequences of the currency crisis and the dictation of the dollar, which is having a destructive influence on the economy of the capitalist and developing states.

In their economic region the CEMA member countries can pursue a currency and credit policy which is independent of the capitalist states and promotes the planned, proportionate development of the national economies.

As experience convinces us, the settlement and credit mechanism in transferable rubles promotes the equalization of the levels of economic development in countries which were backward in the past. The IBEC is providing effective credit assistance to the Socialist Republic of Vietnam, the Republic of Cuba and the Mongolian People's Republic. They use the credits at preferential interest rates. While for all the European CEMA member countries interest rates for IBEC credit in the amount of 2-5 percent per annum are in effect, for the SRV, the Republic of Cuba and Mongolia they have been set at the level of 0.5-2 percent per annum.

During 1981-1982 alone owing to this the SRV, the Republic of Cuba and Mongolia saved more than 30 million transferable rubles. The rates for credit on the world capitalist exchange markets, which recently have come to two figures, appear as a sharp contrast.

The common opinion of the representatives of the countries that the settlement and credit mechanism in transferable rubles conforms to the present conditions of mutual economic cooperation has been repeatedly expressed in CEMA organs. This was discussed, in particular, at the 41st meeting of the CEMA Permanent Commission for Currency and Finance, which was held in the summer of 1983 in Bulgaria and summarized the 20 years of work. Here are just a few statements.

GDR Minister for Finance E. Hoefner: "The work of the International Bank for Economic Cooperation and the functioning of the multilateral system of settlements and lending on the basis of the collective currency--the transferable rubles--are becoming more and more effective."

F. Garcia Valls, minister president of the State Committee for Finance of the Republic of Cuba: "Our republic began to carry out its own settlement and credit operations in transferable rubles in 1976. And this is helping it to participate successfully in the most specific and developed form of economic integration--in the long-term goal programs of cooperation, among which one should note the program of the development of the Cuban sugar industry, the growing and industrial processing of citrus fruits, the production of nickel and others. The preferential terms of the extension of credit to the Cuban economy in transferable rubles are playing an important role here."

Polish Minister of Finance S. Nieckarz: "One should especially note the creation of the system of multilateral settlements between the CEMA member countries, which is based on the collective currency, which in world practice did not have a corresponding model. It is operating successfully, ensuring the continuous settlement service of the dynamically developing payment turnover of the countries of the community."

The Dynamic Nature of the Mechanism

The settlement and credit mechanism of the CEMA member countries, which was created 20 years ago, was constantly improved, being adapted to everything

new that originated in economic cooperation. The IBEC, for example, actively promoted the development of international economic associations. Thus, during 1973-1975 it granted credits to the CEMA member countries for contributions to the authorized capital stock of Intertekstil'mash, Interatomenergo and Interkhimvolokno. With the development of the activity of these and other international economic associations the IBEC elaborated a mechanism of the extension of credit to them.

During 1977-1978, that is, during the period of the most intensive financing by the CEMA member countries of the largest joint construction project--the Soyuz main gas pipeline--the IBEC granted the International Investment Bank loans of more than 180 million transferable rubles for the replenishment of its credit resources.

The policy of autarky is alien to the fraternal countries. They are for mutually advantageous, equal economic cooperation with all states of the world. The IBEC carries out operations not only in transferable rubles, but also in convertible capitalist currencies. These are deposit, credit and other operations, which help to develop the economic relations of the CEMA member countries with capitalist states on a mutually advantageous basis. Conducting such operations since 1964, the IBEC has consistently strengthened its authority on the international markets and has enlarged the network of correspondents, having earned among them a great business reputation.

The present stage of the development of economic integration is distinguished by the shift to the solution of more and more long-term, large-scale problems of economic cooperation. This requires that the cooperation and socialist mutual assistance of the fraternal countries become more thorough and effective in case of the joint accomplishment of scientific, technical, production, transportation, energy and other tasks. At the June (1983) CPSU Central Committee Plenum Comrade Yu. V. Andropov said: "We are striving... for a qualitatively new level of economic integration. Without it today it is already impossible to imagine the life of the countries of the socialist community. In the future integration will become more and more comprehensive, all-embracing and effective, reliably ensuring the strengthening of the national economies of the member countries."

For this, as the CEMA member countries believe, it is necessary, in particular, to increase even more the efficiency of the functioning of the entire economic mechanism of socialist economic integration, including the settlement and credit mechanism. At present measures are being elaborated on the further improvement of the system of settlements and lending in transferable rubles, so that it would promote even better not only the expansion of economic cooperation, but also the increase of its quality and effectiveness.

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DIRECT PRODUCTION LINKS ENCOURAGED AMONG CEMA MEMBERS

Moscow OBSHCHESTVENNYE NAUKI in Russian No 1. Jan-Feb 84 (signed to press 19 Dec 83) pp 60-70

[Article by Ernest G. Kochetov in the section "World Socialist System": "Direct Production Links Among Enterprises of CEMA Countries"]

[Text] E. G. Kochetov, candidate of economic sciences, is a specialist in the field of international economic relations. He is the author of a number of works on problems of international division of labor, methodological aspects of studying the world market, problems of price formation, and others. Published here is the author's variant of a chapter from the collective monograph: "Two World Economic Systems: an Antagonistic Unity," Mezhdunarodnyye Otnosheniya, Moscow, 1983.

The attained level of commercial and economic relations among the CEMA countries makes possible a qualitatively new step in the development of integration processes. The question is of shifting the focal point of cooperation to the production sphere. One of the prime elements in this process is, doubtlessly, the establishment and all-round development of direct production links between collaborating enterprises. Such links are an inseparable element of the system of socialist economic integration as it enters a new stage characterized by better interaction among the national economic mechanisms of the CEMA countries at all levels. The coordination of national economic plans is complemented by coordination of the partners' economic policies. Direct links are expanding between allied sectorial ministries and departments. Finally, at the micro-level direct links are forming between individual enterprises and organizations.

Direct production links are a powerful lever for ensuring the further improvement of cooperation among the socialist states. It is no exaggeration to say that they will become a key element in implementing the task of enhancing the coordination of economic policies set by the CEMA countries and will contribute to the solution of the whole range of problems in this sphere.

Today the process of socialist economic integration already involves hundreds of local economic units in the fraternal countries. The steady growth of the CEMA countries' economic potentials, expansion of the independence of associations and enterprises, and successful implementation of the Comprehensive Program of Socialist Economic Integration creates a firm basis for such

involvement. Work has begun on refining the economic and legal instruments for the development of direct production and commercial contacts. Thus, in October 1983, several agreements on production cooperation between Soviet and Bulgarian machine-building plants were signed in Moscow between ministries. They provide for establishing and perfecting long-term collaboration in the field of production cooperation and raising the efficiency of production capacities in Bulgaria's machine-building industry on the basis of international socialist division of labor, with the objective of more fully meeting the requirements of the economies of both countries. Volumes of delivery of machine-building products on the basis of foreign trade contracts have been set for the next few years. The agreements also define the organization and forms of direct production links between the respective Bulgarian and Soviet enterprises.

An analysis of the available experience of direct links will help answer some acute practical questions concerning their specific content and the best ways, means and stages of establishing, developing and consolidating them.

One of the factors contributing to the urgency and necessity of accelerating the establishment of direct production links at the present stage is the possibility this presents for rapidly and efficiently utilizing available resources and pooling efforts to promote the development of the leading industries of the socialist countries on the basis of the latest scientific and technical achievements.

Besides, in conditions of a relative slow-down in the growth of the volume of available commodity assets, the participation of collaborating enterprises in joint production and reciprocal exchanges of products becomes one of the main potential sources of continued expansion of commodity turnover. When establishing direct production links the commodity flow must be filled with new content: external commodity turnover should involve not only the end finished goods but also the whole range of products used to manufacture them, i.e. it is necessary to arrange deliveries of goods between the enterprises at all stages of the unified production process (materials, standard and special fixtures, tools, subassemblies, parts, production forms and records, etc.).

The establishment of direct links between collaborating enterprises will probably go through a stage-by-stage development process. During the initial stage it would be reasonable to concentrate on large enterprises with similar production structures and possessing a degree of experience in organizing scientific and technical cooperation, production, and deliveries of commodities under cooperation contracts, etc. In each specific case of establishment of direct links a party may be represented by one or several enterprises, depending on specific conditions. It would, however, be desirable for their production and technical levels not to differ too greatly.

The ultimate objective of establishing direct links could be the maximum production and technological alignment of the participating enterprises (organizations), including the possible eventual creation of a unified production-commercial combine. Achievement of this objective should, apparently, be the result of a series of measures differing in each case according to specific conditions.

At the same time it can be assumed that the process will, to varying degrees, involve the following main stages: 1) Manufacture by one of the partners of specific items (subassemblies and parts, in the first place) for use at a specific enterprise in the other country, i.e., orientation on a known consumer; 2) Greater consideration in such production (on the basis of mutual agreement) of requirements regarding the parameters and technical standard of items and the conditions in which the supplied products are used; 3) Determination of opportunities for reciprocal deliveries so that the exchanges between the collaborating enterprises would be reciprocal, fully provide for specific elements in the manufacturing process, and fully meet the requirements of enterprises for individual components or perform other such functions promoting closer collaboration between the enterprises in manufacturing the given products; 4) Balancing the volumes of reciprocal deliveries (taking into account the provision of technological and other services) involving investment problems in the sphere of collaboration, carrying out project survey and design work, etc.; 5) Organization of joint production and marketing of jointly produced items.

This scheme is by no means obligatory. Some stages in the getting-together process may even be skipped. But in any case it would seem logical to strive to proceed as quickly as possible in the interests of every enterprise in the partnership gaining the most from their collaboration. This, naturally, requires precise and well-planned organization.

The getting-together process can be expected to proceed simultaneously along several lines: the elaboration of scientific, technical and investment policies; the development and location of the main and auxiliary production facilities; the elaboration of a commercial policy, including the ways and means of marketing products.

The establishment of direct production and marketing links will contribute to the gradual solution of a number of problems. Production based on direct links will make it possible to avoid duplication and unnecessary expenses in launching the production of new, state-of-the-art products requiring investments. This will require taking steps to assure the best geographic distribution of mutually complementary production and other facilities aimed at establishing a unified technological sequence at the collaborating enterprises. Other important problems include the joint designing of products, utilization of available laboratory and experimental facilities, debugging, fine-tuning and production of prototypes, organization of mass production, supply of spare parts, maintenance and repair work, etc. It will, naturally, be necessary to coordinate manufacturing processes and collaborate in the manufacture of standard and nonstandard attachments, tools, test equipment, and so on. Joint marketing will require joint implementation of the whole range of marketing procedures (market studies, advertizing, packaging, organization of sales, servicing, etc.).

In some cases it may prove feasible and useful to use such forms of mastering the other partner's progressive experience as inviting competent representatives to head certain production sections, exchange worker teams², etc.

To implement the provisions cited in the above scheme of establishing direct production links it would be useful to concentrate on the solution of certain key issues of cooperation. They include refining a mechanism that would guarantee the precise and absolute fulfillment of obligations by the partners, assuring the reliability and continuity of production and marketing cooperation. Needed are appropriate organization of planning, the uninterrupted flow of precise information about the production process, greater authority for the management of collaborating enterprises, responsive decision-making in the course of collaboration with foreign partners, and greater legal and economic responsibility for meeting mutual commitments.

Problems of pricing products reciprocally delivered by the partners in the course of joint production, services, etc., as well as questions of distribution of profits or losses, require a flexible approach. In the conditions of a planned socialist economy, which provides the basis for direct production and marketing links, a more rational alternative to the existing method of pricing would be the use in reciprocal deliveries under direct links of conditional settlement prices reflecting actual expenses. In the case of "external marketing," the respective foreign trade prices can be adopted as the basis. The profit obtained from the difference between the foreign trade and conditional settlement prices of end products would be distributed in proportion to the partners' production. (In cases of losses the mechanism of their participation in making up for them would be similar to the distribution of profits.) That same source could also be used to cover differences in expenses resulting from certain differentiation in prices of raw and primary materials, energy, etc., on the national markets of the collaborating enterprises. As for differences stemming from differences in the technical standards of production at the collaborating enterprises, they would gradually decrease with the development of direct links.

Naturally, the price-forming, profit- and loss-sharing mechanisms described above can vicariously represent direct links only after they have reached a high degree of development within the framework of the aforementioned getting-together process of enterprises (initially, apparently, the operating mechanism of foreign-trade price forming should apply). It logically follows that sales of jointly manufactured end products on any market would be effected according to existing foreign trade procedures in each country (in the USSR, for example, through the appropriate foreign-trade associations). Thus, the expansion of direct production links, up to and including joint production and marketing, must necessarily lead to the establishment of basically similar collaboration between foreign-trade organizations. This is a prime requisite for both parties to derive the maximum economic effect from direct production links.

The partners' interest in developing direct links must be stimulated by a system of economic incentives. Along these lines, it would seem appropriate to set up joint funds, including ones for expanding production, introducing new technologies and, perhaps, for promoting undertakings of a social character. These funds would be formed from mutually agreed contributions from the profits made by each partner as a result of joint activities.

Insofar as the development of direct production links will inevitably be accompanied by extensive reciprocal deliveries of commodities and services and various financial operations, it is increasingly important to establish effective controls over these measures in the conditions of a state foreign-trade monopoly. It should be noted that a dual trend seems to be developing in the forms and methods of control. As direct production links between enterprises of the socialist countries are established and developed, foreign-trade organizations will acquire ever greater independence in handling problems associated with the rapid transfer of resources between the collaborating enterprises, reckoning with mutual requirements, forming conditional settlement prices, etc. At the same time it is necessary to enhance centralized control of the foreign trade ministries over sales of jointly manufactured products on foreign markets, justification of marketing prices, etc.

From the point of view of political economy, the system of direct economic links will require substantial changes in the process of indirect, i.e., market, commodity deliveries. However, loss of commodity content will not occur at once, and it will take some time to gain such high skills in mastering cost forms sufficiently for them to die away "unnoticed."

What are the most practicable and feasible directions in which the aforementioned scheme of establishing direct production links should be realized?

In the industrial aspect, the most needed and feasible development of direct links can be envisaged, firstly, in those leading branches of the economy of the socialist countries which were used as the basis for joint developments in the framework of both multilateral long-term target cooperation programs and bilateral specialization and cooperation programs. This applies in the first place to such fields as expanding raw materials production and processing, upgrading the fuel and power industries, raising farm production and the food industry to a qualitatively new level, developing machine-building and, in the first place, the production of state-of-the-art machines for mining, the power industry, agriculture, food and other industries, the all-round expansion of consumer goods production, and solution of transportation problems.

Secondly, favorable opportunities for the intensive establishment of direct links will be provided by those branches of the economy which have already created real prerequisites for the successful consolidation and expansion of such links, accumulated an adequate body of experience, and are promoting regular contacts between related enterprises in the collaborating countries.

And thirdly, direct links should be expanded in those spheres in the development of which all the socialist countries have a vested interest: environmental protection, utilization of outer space for economic needs, introduction of fundamentally new scientific and technological developments, the newest energy and raw-materials resources, etc.

The first concrete step towards the realization of the aforementioned proposals would be the creation of "models" of such links between individual enterprises in a number of industries. The "models" could be used to test and elaborate direct links, with the subsequent analysis and dissemination of accumulated

experience to new enterprises in the same or adjoining branches and spheres of the economy.

Thus, in our opinion there is considerable potential for the development of direct links between enterprises of the socialist countries in the manufacture of transportation facilities, e.g., buses. Some experience has already been accumulated in the joint designing of new types of machines on the basis of standard units. Joint production would be a logical continuation of this work. The socialist countries' experience in manufacturing subassemblies for the Volzhskiy Automobile Plant testifies to the need to expand the range and volume of such deliveries and carry out a number of joint organizational measures aimed at creating a flexible system to ensure the rapid introduction of new car models. This would make it possible to fuller meet the growing demand for these cars in the socialist countries.

Considerable potential lies in the cooperation of related enterprises in the manufacture of radio, electronic and measuring equipment and instruments on the basis of an agreed unified element base, in the joint development, introduction, manufacture and sales of products, the manufacture of light-weight prefabricated construction elements (elevators, warehouses, prefabricated industrial, business and dwelling premises, facades, etc.), and consumer goods. Concrete steps are being taken along these lines⁴.

Speaking of the development of cooperation in agricultural production, mention should be made of a number of specific features in the establishment of direct links between enterprises. In this field, joint work should be based not only on the transfer of technologies, cultivation methods, introduction of equipment, etc., but also on the direct participation of specialists in the production activities of the partners, in contributing to the end results, which is an essential prerequisite of the effectiveness of joint undertakings. Special attention should be given to an integrated approach to setting up joint enterprises (organization of facilities for processing agricultural produce, incidental and secondary waste products, etc.). Many large agricultural enterprises in the socialist countries have chalked up major achievements in the cultivation of a number of farm products and livestock. Doubtlessly, the establishment of mutually beneficial cooperation on the basis of direct production links between these enterprises would yield tangible results for the partners⁵.

Of considerable interest is the development of direct links in construction. One possible form of cooperation in this field would be the creation of construction consortiums which would operate as general contractors for different types of construction jobs in the Soviet Union and other socialist countries, as well as in third countries. Subcontractors for the consortium could be both Soviet organizations (for example, project surveying, general construction, building foundations, erecting the steelwork of buildings, building ceilings and floors, tunnelling, installation of certain types of equipment, etc.), as well as the organizations of other socialist countries (internal and external finish of buildings, installation of furniture, administrative and office equipment, weak- and heavy-current equipment, telephones, etc.) Firms from third countries could also participate in the consortium.

As mentioned before, there is much to be gained in the establishment of direct marketing links between the socialist countries' foreign-trade organizations. One form of this type of activity is the setting up of joint trading and marketing firms the prime tasks of which would be marketing the products of the sponsoring enterprises in third countries.

Links between enterprises can and should be used for the accelerated and widespread introduction of scientific achievements into production and as a basis for greater coordination of the scientific, technical and economic cooperation of CEMA countries. The economic character of such links itself creates all the objective prerequisites for the practical utilization of the achievements of the scientific and technical revolution. Firstly, the peculiar economic "environment" in which direct links develop induces every enterprise to continuously compare the "trajectory" of its motion with the progress of the industry's flagships on a world scale. There is virtually no alternative. The successful establishment of profitable production by related enterprises on the basis of direct links depends on the effectiveness of sales of industrial goods on external, more demanding markets. In other words, the international market dictates the need for continuously upgrading the requirements on manufactured products, while assuring competitiveness is, in turn, associated with the continued renovation of the line of products, improvement of their quality, reduction of costs by introducing state-of-the-art technological innovation, work methods, etc.

Secondly, direct links are in themselves generators of scientific and technical progress. Thanks to mutual concern for the end effect of joint activity, they make it possible to rapidly put into effect the partners' most progressive achievements. What occurs in this case is a kind of "stratification" of the international division of labor over a whole gamut of components. The advantages of division of labor can be used in both the particular and the specific (reciprocal deliveries of subassemblies, units, etc.), as well as in the sphere of exchange of technological methods, organization of work, and services (joint designing, testing of prototypes, etc.).

Finally, in conditions of socialist economic management, the establishment of joint enterprises is a process that can be controlled and regulated. It assumes planned, purposeful work aimed at establishing direct links between enterprises based on progressive scientific and technical ideas and work methods. This, in turn, will have a substantial positive impact on the formation of export industries and the consolidation of national export potentials as a whole, which will create conditions for a deeper involvement of CEMA countries in the world division of labor.

The formation of direct production links between enterprises is a multistage process, and today, in our opinion, at least as much attention should be given to the creation of appropriate "external" conditions for its development as to the elaboration of the "model" of those links itself. We are speaking of an organic merger into a single stream of processes of establishing direct links at different levels: both between individual enterprises and between sectorial ministries (departments).

By their nature and economic content, links between ministries occupy an intermediate position in the system of production and economic cooperation of the collaborating countries and are a most important connective element of that system. The successful development of the whole process of international specialization and cooperation of production will in many ways depend upon how energetically the branch ministries stimulate the development of direct links at the microlevel, on how effectively they head the work of extensively drawing subordinate enterprises into it.

What are the specific features of the establishment and development of direct links between interested ministries in the new conditions? First of all, prime attention must be given, firstly, to coordinated management of production cooperation⁶, secondly, to the creation of the necessary economic and legal conditions for consolidating direct links between subordinate economic units, thirdly, to planning reciprocal deliveries of specialized and cooperational products, and finally, to regulating and controlling these processes. All of this assumes a high level of collaboration between the ministries involved in questions of technological policies of development of the industry, to some degree in the field of financing and, most important, in the elaboration of problems of mutually complementary production facilities. Direct links between the ministries themselves will ensure the gradual drawing together of management systems and expand opportunities for improving those systems through the introduction of progressive experience shared by the partners and a certain unification of management elements.

In industries which have already accumulated positive experience of involvement in international specialization and cooperation of production it is important to launch systematic efforts to identify the enterprises that could proceed with the establishment of extensive direct links with partners and thus be given the task of developing a "model" of establishing direct links in the industry.

The process of establishment of direct links between enterprises will also be facilitated by improving the organizational mechanism of collaboration between ministries. At issue is a whole range of problems, including, for example, the need to raise the role of branch working parties of bilateral intergovernmental commissions on economic and scientific and technical cooperation and to include representatives of collaborating enterprises in them, discussion by the groups of questions of direct production links, etc.

Direct production links between enterprises of the socialist countries are a concrete manifestation of the objective process of internationalization of production in the conditions of planned development of their national economic organisms. A decisive internal prerequisite of the successful establishment of such links is enhancement of the role of enterprises in managing and planning the national economy and greater independence and responsibility of work collectives.

It goes without saying that the establishment and development of direct economic links at the level of the primary units of the socialist economy is a complex and diversified process. Every aspect requires a special study as a

part of the overall process of socialist economic integration. Special attention should be given to questions of coordinating scientific, technical and production cooperation among CEMA countries in conditions of establishment of direct links between scientific-production associations and combines of the integrating countries (for example, utilization of a partner's experimental base for manufacturing new prototypes and mastering their mass production). The economic aspects of direct links between enterprises should be considered in close connection with legal, social and other questions of assuring their streamlined joint operation.

There can be no doubt that a ramified network of direct production links will help not only to reveal new opportunities for international specialization and cooperation of production, its intensification, and the joint solution of economic problems. Regular contacts between foremost work collectives, exchanges of production and social experience, and the promotion of socialist competition between them will become important factors for further consolidating the spirit of internationalism and strengthening friendship among the peoples of the socialist countries.

FOOTNOTES

1. Of course, this does not preclude the possibility of the enterprises involved in such collaboration retaining certain types of production not affected by the direct links.
2. Such a form of cooperation can yield tangible results. Thus, a team of workers from the Molodechno factory of semiconductor power rectifiers (USSR) visited the rectifier plant in Shtantsdorf (GDR). They worked directly at work stations according to their professions. German specialists studied their skills and work methods. A much greater volume of work was performed than provided for by the quotas. The progressive experience of the German friends which the team saw was adopted at the Soviet plant.
3. This also holds for sales on the markets of the countries to which the respective enterprises belong.
4. Among the work collectives establishing contacts in consumer goods production are the Soviet "Skorokhod" production association and the Hungarian Sabariya Shoe Factory. In addition to exchanging experience and teaching specialists, they are tackling the problem rapidly introducing extensive cooperation in production, mutually complementing the assortment of shoes, and technological cooperation.
5. This has already begun. In particular, exchanges of selection materials and seeds are expanding. Thus, thousands of hectares in the fields of Minsk Oblast, Belorussian SSR, and Potsdam Bezirk, GDR, are occupied by high-yield varieties of potatoes, barley and other crops supplied to each other by the partners.

6. Purely production, day-to-day questions of establishing direct links and their operation should, naturally, be resolved by the enterprises themselves without petty overseeing from above.

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CSO: 1825/104

CEMA ECONOMIC, TECHNICAL COOPERATION IN ENVIRONMENTAL PROTECTION

Moscow OBSHCHESTVENNYE NAUKI in Russian No 1, Jan-Feb 84 (signed to press 19 Dec 83) pp 169-175

[Article by Candidate of Technical Sciences V. Prokudin, chief of the department of scientific and technical cooperation of the CEMA Secretariat, in the section "Cooperation of Scientists of Socialist Countries": "Protection and Improvement of the Environment"]

[Text] In socialist society, environmental protection is an integral part of national plans of socio-economic development. The elaboration and solution of problems associated with the protection and improvement of the environment and the rational use of natural resources is increasingly characterized by an integrated, systems approach based on the consistent blending of society's concern with accelerating economic, scientific and technical progress with a thrifty, businesslike attitude towards nature, with efforts to assure the best ecological conditions for all of its members. Finally, the socialist countries regard environmental protection as a global problem solution of which assumes extensive international cooperation on the regional and worldwide scales.

The scientific, technical, economic and legislative measures and programs aimed at preventing and combating degradation of the environment adopted by CEMA countries are based on these principles. They also underlie the multilateral cooperation among them on the problem, which began more than 20 years ago.

In the 70s, greater state allocations for environmental protection, the expansion of research and development, establishment of special government agencies, and significant strengthening of environmental protection legislation contributed to the growth and expansion, on a continuous, planned basis, of the joint activity of CEMA countries in this sphere as an organic element of their multilateral scientific and technical cooperation*. One such planned basis is the General Comprehensive Cooperation Program of CEMA Member-Nations for Protecting and Improving the Environment and Associated Rational Utilization of

*The first multilateral agreement in this field was the Treaty on Scientific and Technical Cooperation on the Integrated Problem "Elaboration of Nature Protection Measures," concluded in April 1971.

Natural Resources, which is being drawn up by the CEMA Committee for Scientific and Technical Cooperation and has been endorsed by the CEMA Executive Committee. Initially such a program was adopted for the period ending in 1980 and later extended over 1981-1985. This document, which covers virtually all major aspects of environmental protection, is the only one of its kind in the world. At the same time, the planned pooling of the CEMA countries' efforts to resolve environmental protection problems in no way implies any isolation from measures adopted by the world community. On the contrary, and this should be specially noted, the CEMA's multilateral program provided a good basis for elaborating cooperation proposals with countries that are not CEMA members and other international organizations.

A prime, fundamental feature of the CEMA countries' cooperation in environmental protection is its integrated, multi-level nature. It spans general theoretical and investigative studies, applied R&D, and the upgrading of existing and elaboration of new technological processes. One organic element of cooperation is the study of the socio-economic and legal aspects of environmental protection. The program is aimed at developing new, closed, low- and no-waste manufacturing processes eliminating or substantially reducing the discharge of hazardous substances into water, the atmosphere and the soil, at protecting the environment of cities and large communities from automobile exhaust gases, at combating noise and vibration, assuring radiation safety, processing and utilization of household, industrial, agricultural and other waste materials; determining the main directions of city and suburban planning, as well as of population settlement patterns taking environmental considerations into account; conducting measures for the protection and efficient utilization of natural resources, solving global monitoring problems; and organizing scientific and technical data exchange in these fields.

Currently virtually all CEMA sectorial agencies are cooperating under the program. Overall coordination is provided by the Committee on Scientific and Technical Cooperation, with day-to-day work carried out by its Standing Council for Environmental Protection and Improvement set up in 1973. Councils of representatives in all the main aspects of the problem have also been set up, including one on "Socio-Economic, Organizational, Legal and Educational Aspects of Environmental Protection," which relies in its work on the operation of seven coordinating centers*. The first draft of the program covered 11 basic aspects (problems); the current program covers 14 aspects. Collaborating in it are 635 R&D and design organizations of the CEMA countries and Yugoslavia, including 92 in Bulgaria, 82 in Hungary, 86 in the GDR, 6 in Cuba, 4 in Mongolia, 88 in Poland, 36 in Rumania, 125 in the Soviet Union, 98 in Czechoslovakia, and 18 in Yugoslavia.

By the end of 1980, some 2,000 developments under the program were completed, including 500 projects aimed at improving existing and developing new produc-

*The councils of representatives are supervisory agencies in different aspects of the program. The functions of the coordinating center are performed, as a rule, by an R&D, design or other organization having an appropriate scientific and technical base.

tion processes, instruments and patterns for reducing environmental pollution, and monitoring facilities. More than 900 projects were associated with the development of R&D methods and methodologies and norms and standards for determining pollutants in the environment, and with the preparation of dictionaries, reviews, reports, handbooks, analytical, statistical and other informational materials on the results of investigations. Some 750 projects have already been introduced in production or are used in practice in the form of methodologies, unified methods, norms, study aids, etc. Several international recommendations have served as the basis for national standards, methodologies, and manuals. Thanks to the practical introduction of the results of completed projects substantial savings have been made, in terms of both cash* and other indicators (savings of energy, raw materials and fuel, increases in the area of agricultural lands thanks to the reclamation of mining waste dumps and the consequent increase in the harvest of farm products, higher labor productivity due to better health conditions of the environment, improvement of working conditions of industrial and office workers and the consequent reduction in the sickness rate, improvements in people's living standards and well-being, etc.).

Cooperation on the problem, "Socio-Economic, Organizational, Legal, and Educational Aspects of Environmental Protection," has resulted in the preparation of such important documents as "General Principles of Drawing Up Cadastres of Natural Resources and the Environment" and requirements for maintaining them and updating their norms and data, and the methodological principles of evaluating natural resources.

Academic institutions are taking an active part in elaborating this problem. Thus, geographers, together with economists and mathematicians from institutes of the academies of sciences of Bulgaria, Hungary, the GDR, Poland, the Soviet Union, Czechoslovakia, and Yugoslavia, have formulated "Methodological Recommendations for the Economic and Non-economic Assessment of the Impact of Human Activity on the Environment." These recommendations, which were endorsed in 1981 by a council of authorized representatives, are addressed to associates of planning and administrative organizations engaged in planning the uses and management of natural resources. The recommended methodological approach to determining the values of estimates in different situations are based on analyses of the mechanisms of the interactions between economic activity and nature. The scientists undertook a trial verification of the recommendations in several places (Ostrava and Jizersky Hory, Czechoslovakia; Devnya-Varna, Bulgaria; Tatabanya, Hungary; Butterfeld, GDR; Suwalki, Poland; Kursk, USSR, Tselye-Veleny and Koper, Yugoslavia). They studied the effects of industrial activity and urban construction on the environment and determined the possibility of applying economic and non-economic estimates of this impact to territorial planning and economic decision-making (in particular, in connection with land takeover for construction, terrain blight caused by mining, water pollution, and the deterioration or destruction of forests).

*6.5 million levs for Bulgaria, 7.2 million marks for the GDR, 54.1 million zlotys for Poland, 46.8 million rubles for the Soviet Union, and 60 million crowns for Czechoslovakia.

Considerable results have been achieved in the cooperation of legal experts. Specialists from scientific and legal organizations and higher educational establishments in Bulgaria, Hungary, the GDR, Poland, the Soviet Union and Czechoslovakia have compiled a multilingual dictionary of legal terms employed in environmental protection legislation of the collaborating countries. They carried out a comparative analysis of organizational management systems in the sphere of environmental protection and prepared a scientific report, which was published in the GDR in 1974. The final report on the comparative analysis of environmental protection legislation in CEMA countries was published as a monograph (Warsaw, 1976).

In 1979, the collective work, "Socialism and Environmental Protection," was published in Moscow. Its authors summed up the experience of party and governmental supervision of environmental protection efforts in the socialist countries and analyzed and comparatively evaluated the effectiveness of the legal systems and administrative mechanisms in organizing the right ecological interaction between society and the environment in socialist conditions. The book traces the converging trends in environmental protection legislation in the socialist countries.

The proposals and recommendations on improving the legal and administrative aspects of environmental protection contained in the abovementioned works have been brought to the attention of the government agencies concerned and are being gradually introduced in practice. Notably, they are reflected in provisions of the Law of the Hungarian People's Republic on Protecting the Human Environment (1976) and the Law of the Polish People's Republic on the Protection and Formation of the Environment (1981); they were also utilized in preparing the 1977 Soviet Constitution and in amendments dealing with environmental protection in the constitutions of several other countries.

The list of books jointly prepared by social scientists of the fraternal countries and employed in administrative and educational practice can be continued. Among them are the dictionary, "Landscape Protection," various study aids, including a program for teacher training colleges, the collection of articles, "Instruction in Environmental Problems in Schools of CEMA Countries," and others. Studies on these problems carried out during the 70s have had a positive impact both on the administrative organization of utilization of the environment and on raising the ecological awareness of the population.

A wide range of studies in problems of improving legislation and international legal measures pertaining to the environment, as well as the elaboration of programs, methods and means of ecological education of personnel, are continuing in the new 5-year period. Serious attention is given to such problems as determination of scientifically justified criteria for improving planning and creating an environmental management system, and methods of economic evaluation of important natural resources and the damages done to the environment, including socio-economic and ecological indicators. The new results obtained in the course of cooperation will also be used in the practical activities of the respective organizations in the countries concerned.

Much attention is being given to improving the cooperation mechanism itself. The elaboration of problems included in the General Comprehensive Program required the pooling of major material, labor and fiscal resources of the countries of the socialist community. At the present time, it is necessary to continue perfecting the mechanism of distributing these resources in connection with the actualization of a number of problems of comprehensive, multi-industrial planning. In the first place, this includes the elaboration of low- and no-waste processes (perfection of production processes within individual production facilities, introduction of closed production cycles totally precluding environmental pollution, and the study of problems of creating, in those countries where possible, territorial-industrial complexes in which the production processes of different enterprises would be closed within an overall production cycle, with minimal output of waste materials).

The growing scale of cooperation, with the inclusion of ever more complex problems and its ever greater orientation on practical results, has contributed to the expansion of the temporal horizons of joint work. The 5-year General Comprehensive Program is being supplemented by long-term programs in specific problems. Thus, a program covering the period up to 1990 has been adopted for cooperation in the creation of low- and no-waste technologies. It provides, in particular, for elaborating methods of determining the economic impact of introducing the production processes in different branches of the economy.

The target program method of planning is being employed ever more frequently. It covers the whole range of measures, from R&D up to and including introduction of the results in practice and the evaluation of their socio-economic impact. The 1981-1985 program provides for detailed, comprehensive elaboration of all 14 problems included in it.

The collaborating countries give considerable attention to providing a database for joint elaborations of environmental protection problems. To this end, in 1977 they set up the international problem-oriented system INFORMOOS [expansion unknown], which represents an aggregate of functionally and organizationally interconnected corresponding parts of the national scientific and technical information systems of the participating countries as well as information services of the coordinating centers and international organizations set up by those countries and engaged, in whole or in part, in environmental protection problems. INFORMOOS is a subsystem of the CEMA countries' International Scientific and Technical Information System.

Assessing the results of cooperation under the General Comprehensive Program as a whole, it should be noted that in the course of its implementation it proved possible to make use, to a certain degree, of the opportunities of international socialist division of labor and provide good coordination of work, especially at the level of the collaborating organizations. In a number of cases this made it possible to avoid unjustified duplication and introduce more than one-third of the completed developments in the economy. At the same time, there are still major reserves for improving the planning of R&D on individual problems or groups of interrelated problems. There still remain some gaps in the "science--technology--production--marketing" cycle of the organizational stage of industrial cooperation. This is true, in particular, of gas- and

water-purification equipment and instrumentation, which is due to the isolation of the R&D organizations engaged in their development from the machine-building production facilities. The experience of joint work of specialists in environmental protection problems confirms the great urgency of closely coordinating the systems of scientific, technical and production cooperation of the CEMA countries.

It also reveals the urgent need for the accelerated development of fundamental research and the theoretical and methodological justification of environmental protection as an integrated socio-economic management problem. Work along these lines, using methods of mathematical economics, is still progressing slowly. Economists should take a more active part in the solution of ecological problems along with other specialists, insofar as the complexities arising in the interaction of society and nature stem mainly from the character of production and trends in economic development. The effectiveness of practical recommendations and forecasting methods in the field of environmental protection depend in large measure on the scientific justification of the socio-economic criteria employed and their ability to orient the development of technology and production in such a way as to protect and reproduce man's environment.

Further improvements in the cooperation of CEMA countries in environmental protection and efficient use of natural resources are aimed at reorienting it on the solution of urgent applied problems on the basis of long-term economic objectives. The main lines here are the development of low- and non-waste technologies, which should involve both the production sphere and the sphere of consumption, protection and efficient utilization of mineral resources, and the creation of a global environmental monitoring system.

Organizationally, the General Comprehensive Program is a regional program of CEMA countries. In content, however, it goes far beyond the regional framework, its agenda primarily reflecting the specific features of the European continent. Therefore the program and the experience gained in implementing it can be used in expanding contacts and cooperation in the sphere of environmental protection on an all-European scale. Compared with other international programs in the same field, notably the UN Environmental Protection Program (UNEP) and the UNESCO program, "Man and the Biosphere," the General Comprehensive Program has both similar features and specific aspects. It is an integrated program aimed primarily at the practical utilization of the results of scientific studies in the economies of CEMA countries.

Lately steps have been taken to further coordinate measures in the field of protection and improvement of the environment conducted in the CEMA framework with measures sponsored in this field by international organizations in the UN system. Several years ago the CEMA Committee on Scientific and Technical Cooperation approved a thematic guideline of possible contacts with them. The adopted document concentrates mainly on stepping up the activity of CEMA agencies in carrying out joint research with other international organizations on the following problems: low- and no-waste technologies; standardization of methods of identifying atmospheric pollutants; methods of studying and standardizing appropriate criteria for determining the quality of fresh waters and

protecting them from pollution and exhaustion; methods of economic and non-economic evaluation of the impact of human activity on the environment. The agenda of contacts between the CEMA countries and other international organizations also includes the problem of a global monitoring system. A system of data-sharing with UNEP has been set up, and a number of data maintenance problems in the sphere of environmental protection have been resolved in connection with discussions of the participation of CEMA countries as a region in the International Information Service. Under the UNESCO "Man and the Biosphere" program, the CEMA countries have begun cooperating as a region in the study of problems of protecting ecosystems (biocenoses) and terrains.

CEMA agencies are elaborating proposals for coordinating measures aimed at implementing their environmental protection program with measures being carried out on an all-European basis, which is fully in accord with the historical decisions of the Conference on European Security and Cooperation. Extensive exchanges of relevant scientific and technical information (including forwarding of CEMA environmental protection programs to UNEP, ECE and UNESCO services), participation in international conferences and consultations and in the elaboration of international conventions, normative and standardization documents and general terminology: this is a far from complete list of the forms and methods of CEMA cooperation with other international organizations.

CEMA relations with individual non-member countries are also promising. Thus, joint work on the topics "Techniques of Dust Measurement" and "Development and Testing of Methods and Instruments for Measuring Noxious Gas Emissions" has been organized in the framework of a cooperation agreement between CEMA and Finland.

Cooperation in the field of environmental protection between countries with different social systems depends on the overall international political climate. Realization of the great potentials of this cooperation is dependent on expanding international detente, ending the arms race, and observing the principles of peaceful coexistence.

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USSR-CEMA TRADE

GDR BOOK ON CEMA PLANNING REVIEWED

Moscow OBSHCHESTVENNYE NAUKI in Russian No 2, Mar-Apr 84 (signed to press 17 Feb 84) pp 231-234

[Review by A. Zubkov, doctor of economic sciences, of abbreviated Russian translation of book "Planung in der sozialistischen oekonomischen Integration" [Planning in CEMA] by group of GDR economists headed by G. Proft, "Ekonomika", 1983, 183 pages]

[Text] The book under review, prepared by a group of GDR economists headed by G. Proft, further elaborates the propositions that were advanced in earlier works.¹ It examines the interrelationships of national planning mechanisms and the international mechanism of joint planning activity by the CEMA countries, characteristic features of the use of objective economic laws in the process of refining joint planning activity, forms, methods, and organization of this cooperation, and trends in its development.

Like economists of all CEMA countries, the German colleagues proceed from the principle that cooperation in the field of planning activity is the basic economic mechanism for economic integration of these countries. As the monograph justifiably emphasizes, the tasks of deepening socialist economic integration may be fulfilled primarily by refining the joint planning activity of the CEMA countries.

Under socialism, public ownership of the means of production makes it possible to control the economy on the basis of national economic plans. Mutual economic ties among socialist countries as a component of the mechanism of their national economies are an object of planning as well. Economic cooperation within the confines of CEMA is implemented on a planned basis, as a result of making appropriate decisions in each socialist state, conformity of practical goals, and provision of resources for jointly conducted measures. It follows from this that cooperation in planning activity is of a subordinate nature, a derivative of national planning.

¹"Planung in der sozialistischen oekonomischen Integration," Berlin, 1973:

"RGW -- Integration, Leitung, Planung und Stimulierung," Berlin, 1974; "Sozialistische oekonomische Integration -- Grundlagen und Aufgaben," Berlin, 1977.

When they explain this fundamental proposition, the monograph's authors note in addition that joint planning activity makes new demands on national planning in the socialist countries. For example, with the expansion of cooperation in the field of planning activity, it has become necessary to set aside a special section for planning integration measures in the national economic plans of most CEMA countries.

The fact that joint planning activity is becoming a connecting link between state plans of the CEMA countries draws attention and consideration in the book. Mutual economic links are the object of cooperation in the field of planning activity. Coordinating them among themselves, the countries insure interaction of national reproduction processes. The synchronization of reproductive processes and the efficient functioning of the national economic complexes of the partners depend to an increasing extent on the effectiveness of cooperation in the planning field and the proper organization of mutual economic links.

The objective economic laws of socialism are used in the joint planning of the CEMA countries: basic economic law; the law of planned, proportional development of the national economy; the law of value, and others. The monograph emphasizes that joint planning activity is based on the conscious application of economic laws of socialism, operating both on the national and international levels, and taking their manifestations on these levels in relation to actual conditions into account. Moreover, it should be emphasized that not all economic laws which operate on the national economic level occur on the level of international economic relations between these countries (for example, the law of the division of labor).

A modification of the effect of economic laws may take place on the latter level. For example, the effect of the law of planned, proportional development on the scale of the world socialist economic system is expressed by the fact that in this system economic proportions are derived from proportions which develop in national economic systems of socialist countries, as well as by the fact that within the confines of socialist cooperation, this law determines economic proportions which go beyond the limits of the national economy.

The GDR scientists' work contains an important proposition that proportionality to an increasing extent is becoming not only a national category but an international one also. In fact, international division of labor, and in particular international specialization and cooperation, encompasses an expanding range of sectors and production facilities, which results in a steady increase in the extent and complexity of the formation of international economic proportions in the community. The reverse effect of international (interstate) proportions on intra-economic proportions in CEMA countries is being increasingly clearly shown also.

Proportionality and by-plan development of each national economic complex and the whole economy of the countries of the community are closely tied to the need for further mutually coordinated refinement of their economic, and above all industrial, structures. Reorganizing industrial structures requires close correlation of this process within the countries with their interaction in the

planning field. Any sort of significant change in the structure of the economy in any socialist country is reflected rather quickly in that country's ties with other CEMA countries, which, of course, may induce corresponding structural changes in the latter as well. Consequently, the process of refining economic structures may be efficient and effective only when it is precisely coordinated among all cooperating countries.

The authors of the monograph devote attention to the fact that the development of joint planning activity must coincide with further refinement of commodity-monetary relations, in particular price-setting in the CEMA market. This point of view is shared by many economists of socialist countries, although there are fundamental differences in their ideas of ways to solve these problems, among which is the problem of setting foreign trade prices for output produced based on international specialization and cooperation of production.

The monograph gives an indepth analysis of the forms, methods, stages, and ways of refining cooperation by socialist countries in the field of planning activity and generalizes the practical experience of the GDR in this field. Among other things, when reviewing the features of coordinating five-year plans, the increased role of direct ties of combines, enterprises, and organizations of the GDR with corresponding enterprises and organizations in other countries is noted. GDR enterprises and organizations are preparing proposals for coordinating five-year plans; based on directives from higher organs, they are submitting practical elaborations for the approval of their partners in other CEMA countries; and they are sending proposals to the appropriate ministries. This practice merits fixed attention.

Among the various forms of cooperation in the field of planning activity, coordinating five-year national economic plans, in the process of which questions of economic interaction between CEMA countries, above all increasing the efficiency of this interaction, are solved on a principled basis plays a fundamental role. Coordinating five-year plans is steadily refined and enriched by new content. One of the future directions for refining plan coordination, as the monograph authors also note, is broadening the time horizon of cooperation. In this connection, such new forms of associated efforts of partners as multilateral long-term target programs of cooperation and bilateral long-term programs of specialization and cooperation among CEMA countries, calculated for a 10-year period of implementation have acquired importance. However, these programs are unable to and should not replace coordination of long-term national economic plans of CEMA countries.

With the development of integration, cooperation between CEMA countries in the field of planning activity is becoming increasingly complex: combining bilateral and multilateral planned interaction is being intensified; and joint activity in the planning field is being intensively spread to all phases of reproduction. The time horizon of this sphere of cooperation is consistently differentiated within the range from a short-term to a long-term approach depending on practical goals and tasks; forms and methods of cooperation are being systematically enriched; and in the process of interaction in the planning field, different economic levels (associations, combines, and so forth) are being involved.

The GDR scientists' monograph is conducive to a deeper understanding of the current situation in one of the most important spheres of joint activity of the fraternal countries and of its pressing theoretical and practical problems and developmental prospects.

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CSO: 1825/106

BRIEFS

CEMA DEVELOPMENT--Having originated as a regional organization of 6 European states, now, 35 years later, CEMA has turned into a organization which unites 10 socialist countries of Europe, Asia and America, countries, the size of the population of which exceeds 450 million, while the volume of industrial production amounts to one-third of the world volume. At present as a result of the policy of integration a quite high degree of cooperation of the national economies has been achieved. It is possible to judge this from a number of indicators. Thus, the value of the reciprocal deliveries of goods and services comes on the average to more than 18 percent of the gross national income of the CEMA member countries. Bulgaria, Hungary, the GDR and Czechoslovakia send to the CEMA market from 30 to 40 percent of the total volume of production of machinery and equipment. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

FOREIGN TRADE TURNOVER--As a result of the intensification of the national economy of the CEMA member countries and cooperation among them the foreign trade turnover of these countries as a whole in 1982 came to 267.5 billion rubles, including export--138.8 billion rubles and import--128.7 billion rubles. As compared with 1950 the foreign trade turnover has increased by 30-fold with an equal increase of export and import. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

RECIPROCAL TRADE FIGURES--Reciprocal trade accounts for the bulk of the foreign trade turnover (55.9 percent). By means of reciprocal deliveries the CEMA member countries in 1982 met a large portion of their import needs for the most important types of fuel, raw materials, materials, machinery and equipment and consumer goods. The reciprocal foreign trade turnover of the CEMA member countries as a whole increased in 1982 as compared with 1950 by 31.6-fold and came to 149.4 billion rubles, including export--75.8 billion rubles and import--73.6 billion rubles. The average annual growth rate of the reciprocal commodity turnover during 1961-1982 came to 11.0 percent. In foreign trade the proportion of finished items is being increased by means of the decrease of the proportion of unprocessed goods. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

EXPORTS OF EQUIPMENT, MACHINERY--The proportion of machinery and equipment in export in 1960 came to 31.7 percent, while in 1982 it came to 39.5 percent. It is significant that the export of specialized products of machine building is increasing twice as rapidly as the total export of machinery and equipment. The export of equipment from the European CEMA member countries, in which previously machine building was poorly developed, increased and is increasing especially rapidly. This is one of the manifestations of the process of the equalization of the levels of economic development of the CEMA member countries. For example, in 1950 the named goods were absent in the export of the People's Republic of Bulgaria, since Bulgaria did not have a machine building industry, while in 1982 it delivered to the CEMA member countries alone products of this sector worth 3.2 billion rubles, which comes to 53.9 percent of its total volume of export to these countries. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

INDUSTRIAL OUTPUT--At present the majority of CEMA member countries are highly industrial or industrial-agrarian states with a modern multisectorial economy. During 1951-1982 the per capita production of industrial output increased in these countries by more than ninefold with an increase of the average world indicator by 3.4-fold. With respect to individual CEMA member countries the per capita production of industrial output increased by Bulgaria by 21-fold, Hungary--7.7-fold, the GDR--11-fold, Mongolia--8.8-fold, Poland--8.8-fold, Romania--25-fold, the USSR--8.7-fold and the CSSR--7-fold. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

NATIONAL INCOME GROWTH--The high level of development of the productive forces in the CEMA member countries was responsible for the stable growth rate of the produced national income. The national income as a whole for the CEMA member countries had increased in 1982 as compared with 1950 by 8.3-fold, including in Bulgaria--13-fold, Hungary--5.1-fold, the GDR--6.9-fold, Mongolia--7.6-fold, Poland--5.1-fold, Romania--15-fold, the USSR--9.2-fold and the CSSR--5-fold. More than three-fourths of the national income is used for consumption. If it is considered that about one-fifth of the accumulation fund is allocated for the construction of apartment houses, hospitals, cultural and educational institutions and sports structures, the aggregate expenditures directly on the increase of the well-being of the people exceed 80 percent of the used national income. The CEMA member countries lead by 2.6-fold the economically developed capitalist states in the growth rate of the national income. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

ECONOMIC DEVELOPMENT COMPARISONS--The dynamic development of the economy of the CEMA member countries is especially clear as compared with the developed capitalist countries. Thus, during 1951-1982 the average annual rate of increase of the national income of the CEMA member countries came to 6.8 percent, while that of the developed capitalist countries came to 3.8 percent, the average annual rate of increase of the output of industry--respectively 8.4 and

4.2 percent, the average annual rate of increase of the output of agriculture--2.9 and 2.1 percent. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

MACHINEBUILDING PRODUCTS--By 1982 in the majority of European CEMA member countries the proportion of the products of machine building and metalworking in the total industrial production had increased to 21-32 percent as against 6-21 percent in 1950. With respect to this most important structural indicator, which is closely connected with the acceleration of scientific and technical progress and the implementation of its achievements, the European CEMA member countries have now drawn up to the level of the most developed capitalist countries. During 1951-1982 the volume of the machine building products of the CEMA member countries increased by more than 34-fold, including in Bulgaria--119-fold, Hungary--14-fold, the GDR--20-fold, Mongolia--49-fold, Poland--60 fold, Romania--111-fold, the USSR--35-fold and the CSSR--22-fold. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

AGRICULTURAL DEVELOPMENT--The CEMA member countries account for about 16.3 percent of the useful agricultural area of the world and approximately 25 percent of the world agricultural production. During 1951-1982 the gross output of agriculture of the CEMA member countries as a whole increased by 2.4-fold, in particular, in Bulgaria it increased by 3.4-fold, Hungary--2.2-fold, the GDR--2.3-fold, Mongolia--1.8-fold, Poland--1.7-fold, Romania--3.7-fold, the USSR--2.6-fold and the CSSR--1.7-fold. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) p 37] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1984] 7807

CSO: 1825/102

TRADE WITH INDUSTRIALIZED COUNTRIES

MOSCOW CLAIMS U.S. TRYING TO 'TORPEDO' USSR-WEST EUROPE TRADE

LD082321 Moscow Domestic Service in Russian 1800 GMT 8 May 84

[Text] The United States is trying in every way to torpedo business relations between the Soviet Union and West European countries. Moreover, as international affairs journalist Yuriy Maksimov notes, it is making use of a wide arsenal of resources for reducing to a minimum the mutually advantageous trade and economic ties between the two sections of Europe, to inflame an atmosphere of tension, and to sow discord and mistrust.

It is in this light that one should interpret the statement made by U.S. Secretary of State Shultz in South Carolina, that the United States will continue to extend the effect of its internal laws in the field of trade to those branches of American companies which are located in particular in West Europe. The statement of the U.S. Secretary of State is in keeping with the amendment recently adopted by the U.S. Senate to the law on control of exports. It envisages further tightening of control over deliveries of up-to-date equipment and new technology to the USSR and other socialist countries.

Striving to block the export of such equipment to the Soviet Union, Washington is in every way limiting trade ties between American companies and Soviet organizations. Moreover, the United States is trying to spread these limitations to foreign branches of American firms in West Europe, too. These, according to the rules, should not be subject to American laws but to the laws of the host country.

In contrast to the ruling circles of the United States, West Europe is interested in stable business relations between East and West. It is characteristic that West Europe's share of trade with the Soviet Union grew from 79 percent in 1982 to 82 percent in 1983. In comparison, as a result of Washington's short-sighted policy, the United States' share continues to fall to the detriment of the interests of American companies.

This is why in West European countries Washington's attempts to spread the effect of American laws to branches of American companies in Europe are seen as a striving by the United States to narrow the possibilities of economic maneuver for West European countries, to weaken their competitive positions by having only limited mutually advantageous cooperation with socialist countries.

CSO: 1812/193

TRADE WITH INDUSTRIALIZED COUNTRIES

CEMA PROGRAMS, PLAN COORDINATION REVIEWED

Moscow APN DAILY REVIEW in English No 5, 11 Mar 84 Supplement pp 1-6

[Article by V. Kuznetsov, Cand. Sc. Economics: "The Coordination of Plans--The Basic Method of Cooperation"]

[Text] Coordination of the five-year plans of member-countries holds an important place in the activity of the Council of Mutual Economic Assistance (CEMA), which marks its 35th anniversary in 1984.

The entire experience of economic cooperation between CEMA countries has confirmed the fruitfulness of the conversion of their mutual economic ties to a solid footing of planning, of turning the coordination of five-year plans into the basic means of developing stable and mutually beneficial economic, scientific and technical relations. For instance, in 1950 the mutual trade turnover of CEMA countries added up to 4.5 billion rubles, whereas in 1956--the first year when cooperation between CEMA countries came to be based on the coordination of five-year plans--it doubled compared to 1950 and reached 14 billion rubles in 1960.

In 1983 the mutual trade turnover of the CEMA member-countries exceeded 160 billion rubles, which is more than 11 times as high as the level of 1960, when work was concluded on meeting the obligations assumed during the first coordination of plans.

A Reliable Guarantee of Growth

The three decades that have passed since a start was made on the planned development of mutual economic relations have been characterized not only by a quantitative growth, but also profound qualitative changes. The coordination of national economic plans made cooperation more stable in character, because the inclusion of concrete obligations as regards mutual products supplies in the five-year national economic plans has become a major guarantee of their strict and timely fulfillment. It is precisely such guarantees that were needed to ensure a faster growth rate of cooperation in the processing industry on the basis of the development of international specialization and manufacturing cooperation in respect to major machines and equipment, parts and components. As a result, the proportion of machinery and equipment and transportation means considerably increased in the exports of CEMA countries.

The coordination of plans facilitates the development of the advanced branches of machine-building, helping to gradually build up its specialized branches, sub-branches and lines of production. The People's Republic of Bulgaria and the USSR today account for almost 100 percent of the production of electric telphers in the CEMA member-countries; the Polish People's Republic and the USSR, for more than 90 percent of that of excavators; the Hungarian People's Republic and the USSR, for roughly 75 percent of that of buses; the Socialist Republic of Romania and the USSR, for 97 percent of that of blast-furnace equipment; and the USSR, for over 90 percent of that of oil-industry equipment.

The coordination of plans in the sphere of capital investments has made it possible to concentrate investments by the interested countries on jointly building major national economic projects. The successful operation of these newly-built enterprises provides a considerable proportion of the requirements of CEMA countries in major kinds of energy, fuel, raw materials, machinery and equipment and makes for the intensive growth of their economies, for the earliest possible introduction of the results of scientific and technological progress in production, and for ensurance of the CEMA countries' technico-economic independence of the developed capitalist states.

Forms of Planned Cooperation

The planned organization of our cooperation has by now developed into a comprehensive system of forms of cooperation in the field of planning.

Joint planning actually begins with the preparation of scientific forecasts. It is obvious that for the well-grounded discussion of matters in the process of coordination of five-year plans it is necessary to use both domestic forecasts made by the participating states and jointly prepared forecasts. Therefore, cooperation in the sphere of forecasting includes exchanges of information on the results of national forecasts, joint forecasting and exchanges of experience for the purpose of unifying the methods and indicators of national forecasts, which makes it possible to widely use their results in other member-countries of the CEMA.

Over the past years, more than 500 forecasts have been jointly prepared in the Council's bodies in respect to problems of economic, scientific, technical and sectoral manufacturing cooperation. Work has now been completed in the main on the preparation of a number of scientifically-grounded forecasts of an inter-sectoral character till the year 2000. Great importance is accorded to forecasts in the social sphere, particularly in connection with the increased social orientation of the national five-year plans of CEMA countries. Joint forecasting is being increasingly orientated towards the concrete requirements of other forms of joint planning, in the first place, the coordination of five-year plans.

The Comprehensive Programme marked the beginning of coordination of plans in longer terms for the major sectors of the national economy and lines of production. Within the framework of bilateral and multilateral contacts, with the aid of the CEMA's sectoral commissions, economic ministries coordinate selected problems connected with the development of their respective sectors on the basis of long-term planning.

Long-Term Programmes

The transition to drafting and implementing long-term purpose-oriented programmes of cooperation (LPPCs) and bilateral long-term programmes of specialization and cooperation in production for the period till 1990-1995 has become a major achievement in the sphere of joint planning. The above programmes were a logical projection and concretisation of the relevant provisions of the Comprehensive Programme. Work unprecedented for its importance scale and complexity was put in while drafting them. As for measures to be taken under the LPPCs alone, more than 210 major multilateral agreements are to be drafted, in all, of which almost 200 have already been signed and a start has been made to implementing them.

The existing forms and methods of coordinating five-year national economic plans were complemented at the 29th CEMA session (1975) with the drafting of the Coordinated Plans of Multilateral Integration Measures (CPMIMs) for a five-year period. At present, the Council's bodies have made a start to drafting a third CPMIM for the 1986-90 period.

The joint programmes reliably ensure the steady development of economic cooperation, while the measures envisaged in them and those complementing them form the most important basis for the coordination of five-year plans. The 37th CEMA session, held in 1983, approved comprehensive measures for cooperation in the development of the agro-industrial complex, measures which complement the earlier adopted LPPC in the field of agriculture and the food industry. A decision was passed on drafting a programme of cooperation in the field of rational and economical uses of fuel and energy and raw material resources for the period ending in 2000.

The coordination of five-year plans for social and economic development has been further developed, its content and forms have considerably changed, the range of problems coordinated has widened, the methods of coordination have improved, and the role played by the central planning bodies has been enhanced. Based on coordination, cooperation between CEMA countries increasingly facilitates the technical modernisation of national economies, the growth of their effectiveness and reductions in the import of goods from third countries to economically justified proportions.

Programmes for the coordination of plans are drafted for every five-year plan period, and the list is also prepared of problems of economic cooperation to be coordinated on a multilateral basis for a five-year or longer period. The programme of plan coordination for 1986-90 was approved by the Council's 36th session in 1982, whereas the list was approved by the CEMA Executive Committee in 1983.

In keeping with the resolutions of the fraternal parties, the CEMA's 36th session also set the task of complementing the coordination of five-year plans with coordination by the interested countries of economic, scientific and technical policy as a whole. In this connection, while coordinating plans for 1986-90, attention is given to coordinating the economic policy of the

brother-countries for the 1991-95 and longer periods. This imparts a more purposeful character to the work of plan coordination, widens the horizon of planned cooperation and eventually raises the effectiveness of national economies and increases their ability to mutually complement one another.

The time-tested system of cooperation in the field of planning, above all, the coordination of five-year national economic plans as its chief form, reliably ensures the steady development of economic, scientific and technical cooperation between CEMA countries. Being constantly perfected in keeping with the new conditions and requirements, it is a major means of promoting in a planned manner stable and mutually beneficial economic links between the CEMA member-countries and the basic method of developing socialist economic integration.

The consistent fulfilment of the socioeconomic tasks set by the fraternal Communist and Workers' Parties constantly expands and enriches fruitful cooperation between the CEMA member-countries.

Konstantin Chernenko, general secretary of the CPSU Central Committee, pointed out in his speech at the February 1984 Plenary Meeting of the CPSU Central Committee: "By developing and deepening, in every possible way, the cohesion and cooperation with countries of the socialist community in all spheres, including, of course, the extremely important sphere of the economy, we are making a great contribution to the cause of peace, progress and the security of nations."

(EKONOMICHESKAYA GAZETA No 9, February 1984.
Abridged.)

CSO: 1812/193

TRADE WITH INDUSTRIALIZED COUNTRIES

USSR-AUSTRIAN BUSINESS RELATIONS 'STRENGTHENING'

'Mutually Advantageous'

Moscow APN DAILY REVIEW in English 15 May 84 pp 1-6

[Article published in SOTSIALISTICHESKAYA INDUSTRIYA, 15 May 1984: "USSR-Austria: Business Relations"]

[Text] On May 15, 1955 the representatives of the USSR, the USA, Britain, France and Austria signed in Vienna the State Treaty on the restoration of independent and democratic Austria. Several months later, in October 1955, Austria's Parliament adopted a constitutional law on permanent neutrality of the country. Ever since the foreign policy of the Republic of Austria has been based on its obligations laid down in the State Treaty and on the status of permanent neutrality, adopted by it.

The Soviet-Austrian relations have been consistently widening and deepening in all spheres. The business relations between the USSR and Austria have been strengthening and developing. Today we describe some aspects of the mutually advantageous cooperation between the two countries.

USSR-Austrian Trade Summary

Moscow APN DAILY REVIEW in English 15 May 84 pp 1-3

[Article by A. Stesnov, trade representative of the USSR in Austria: "Mutual Benefit"]

[Text] Trade is the main form of economic cooperation between the Soviet Union and the Republic of Austria. The mutual supplies of goods are carried out on the basis of the long-term agreement on trade turnover and payments, signed in 1975. Since its conclusion the trade turnover between the two countries has been developing at a high rate and exceeded 1.3 billion rubles in 1983, almost three times more than in 1975.

Natural gas and oil account for a great part of the Soviet exports to Austria. Austria was the first Western country which in 1968 began to purchase Soviet natural gas. At present it satisfies, in effect, all its import requirements for natural gas by the deliveries from the Soviet Union.

Along with the raw materials, the Soviet Union exports engineering products and other finished articles to Austria. The Soviet Lada cars have become habitual on the roads of Austria. The Soviet-made metal-removal machine tools and the

press-forging and electrical engineering plant have been operating efficiently at a number of Austrian enterprises. The Austrian firms know well such Soviet commodities as tractors, rock-loading machines, welding equipment, bearings, and tools. There is also demand for Soviet-made sports and hunting guns, pianos, carpets, cutlery, and others. At the same time machine-technical and other finished articles do not yet occupy proper place in the USSR's exports to Austria.

Machines, equipment and iron-and-steel products figure prominently in the Soviet imports from Austria. The cold-rolled constructional sheet steel for the auto industry, industrial fittings, metal-cutting machine tools, equipment for the chemical and pulp-and-paper industries, chemicals, foodstuffs and industrial consumer goods are purchased in Austria.

A number of big contracts for the delivering of machines and equipment to the USSR have been concluded with the Austrian firms in recent time. Fulfilling the Soviet orders, the Austrian shipyards have already built more than 160 ships and other craft. The agreement on delivering 800,000 tons of seamless pipes for the oil industry of the USSR in 1983-1986 is being successfully carried out.

Many-year good business relations exist between the Soviet organisations and the Austrian firms. Over 300 Austrian firms are partners of the Soviet foreign trade organisations. Their list includes nationalised enterprises and small and medium-size private firms.

Production cooperation is a promising trend in the development of cooperation between the Soviet organisations and the Austrian firms. Certain positive experience has already been accumulated in this field. For instance, in accordance with an agreement between the Stankoimport All-Union Association and Haid Company, work is underway on developing new numerically controlled lathes on the basis of the lathes which are manufactured in the USSR. The machine tools, designed jointly with the Austrian specialists, already operate at Haid Company and at some enterprises in the USSR. Effective cooperation has been established between Energomashexport and Plasser und Teurer Company in the production and sale of machines for building and repairing railway tracks. There are close links between Prommashimport, Techmashexport and the firm in the sphere of the standardisation of the components of Austrian and Soviet paper-making machines. Techmashexport and the firm Chemiefaser Lenzing have completed joint work on developing a new model of a loom. The beginning of its quantity production is planned for this year.

The meeting of the leaders of the two countries are of paramount importance for the development of trade and economic cooperation between the USSR and Austria. They give new impulses to the development of the trade and economic relations and determine the global directions of their expansion and deepening.

The 15th session of the Soviet-Austrian mixed commission for economic and scientific-technical cooperation, held in Moscow last October, has marked an important stage in the development of mutually advantageous trade and economic

relations. Head of the Austrian delegation Norbert Steger, vice-chancellor and minister of trade, commerce and industry, was received by chairman of the USSR Council of Ministers, N. A. Tikhonov, who highly appraised the state of the Soviet-Austrian economic cooperation. It was stressed during the exchange of views that there exist opportunities for the expansion of the fruitful cooperation. A number of new joint projects can be carried out in conformity with the long-term programme for the development and deepening of economic, scientific-technical and industrial cooperation for 1981-1990.

VOEST-Alpine Projects

Moscow APN DAILY REVIEW in English 15 May 84 pp 4-6

[Article by O. Nikiforov: "The Linz-Zhlobin Connection"]

[Text] It will be no exaggeration to say that the heart of Austrian industry beats in the city of Linz on the Danube. It is here, in an eastern uptown district of the capital of Upper Austria, that the factory blocks and the head offices of VOEST-Alpine, the biggest industrial giant of that alpine republic accounting for 10 percent of trade turnover between Austria and the Soviet Union, are located.

One begins to feel the pulse of VOEST-Alpine still at approaching a mult-level turnpike in the outskirts of Linz. There are smoking chimney stacks at some distance away and a telltale smell of steel and coke in the morning air.

"VOEST-Alpine is not only the biggest but also one of the oldest partners of the USSR," F. Summer, the concern's advertising director tells me.

His words are confirmed by statistics. For over 30 years now VOEST-Alpine has been supplying sheet steel to the USSR, including automobile steel for Moskvich cars, billets for big-diameter pipes for the transportation of gas and small-diameter drilling pipes. It should be noted here that VOEST-Alpine was the first company which broke the "pipe blockade" in 1968 imposed by NATO in 1962 on the delivery of big-diameter pipes to the USSR. Two years later the company's example was followed by the West German concern Mannesmann.

Although the delivery of big-diameter pipe billets in exchange for the deliveries of Soviet gas to Austria remains one of the time-tested forms of cooperation, the export of entire plants to the USSR on the turnkey basis is the latest new development on which the concern is pegging great hopes. This primarily refers to the compact metallurgical plant in the town of Zhlobin near Minsk.

In the Zhlobin division of the concern I was met by the Austrian director of the project, E. Strasser.

"The idea of the Zhlobin project comes from the analysis of the Guidelines for the Economic and Social Development of the USSR for 1981-1985. They set the task to the Soviet steel industry to ensure fuller utilization of ferrous scrap. To accomplish this goal, the USSR plans to build a series of small-capacity metallurgical works in the 11th Five-Year Plan period in the areas of concentration of ferrous metals. This idea is very interesting and helps rationally use the wastes of metallurgical and engineering production which are concentrated

in big quantities at modern industrial works. These small plants help remelt the scrap on the spot and avoid expensive transportation. This trend towards decentralization is common for the whole modern metallurgical industry.

The metallurgical project, E. Strasser continues, which is scheduled to go on stream at the end of 1984 will annually turn out 500,000 tons of small section rolled articles and wire as well as 200,000 tons of cast billets. These products will be used for the needs of industrial and civil engineering. The project comprises an electric smelter shop with high-productive equipment, two 100-ton electric arc furnaces and two continuous pouring machines, as well as a rolling shop with a heating furnace, a small-section rolling mill and a wire block.

The turnkey contract provides not only for the delivery of all sets of auxiliary equipment by the main contractor, VOEST-Alpine and by the Italian subcontractor, Danieli, but also for the necessary services involving the assembly and the start-up of the plant.

"In other words," E. Strasser pointed out, "we give a fourteen-month guarantee after the start-up, and I would also like to add the word 'comprehensive' to the project's name of 'compact metallurgical plant'. After all, the construction of the plant goes ahead along with the construction of an agro-industrial complex which will provide the plant workers with farm produce. Another important point is that the plant at Zhlobin has a very tight construction schedule. This has become possible due to advanced designing and planning methods and, notably, to the introduction of daily planning which helps, among other things, sharply reduce the terms for the preparation of blueprints and cut the volume of documentation. Designing goes ahead parallel with construction, and the latter parallel with the assembly of equipment. A great role in cutting the terms of construction was played by the "linguistic preparation" of both documentation and workers. Computers were extensively used for this purpose.

The management and engineers of VOEST-Alpine are quite optimistic about the future of their concern's trade, economic, scientific and technical cooperation with the Soviet side. F. Summer regards the Soviet Union as a "priority market." That is why, according to him, VOEST-Alpine would like not only to establish long-term contacts in the field of trade but to organize effective industrial, scientific and technical cooperation with the Soviet side as well.

Besides machine building, other promising fields of cooperation include joint construction of hydroelectric and nuclear power stations, participation in the development of automated control systems, robot designing and the development of mining, oil-drilling and oil-pumping equipment. The 30 years of cooperation, F. Summer pointed out in conclusion, have proven the existence of long-term interests on both sides.

This experience confirms the great value of cooperation for the level of employment in Austria as well, especially under the terms of the present recession. (SOTSIALISTICHESKAYA INDUSTRIYA, May 15. In full.)

Linz.

TRADE WITH LDC'S

SOVIET ECONOMIC AID TO LDC'S SUMMARIZED

LD051722 Moscow TASS in English 1537 GMT 5 Apr 84

[Text] Moscow, 5 Apr (TASS)--"Soviet economic aid to the developing countries has topped almost two-fold the level set by the United Nations Organisation and reached 1.3 per cent of the gross domestic product. By way of comparison it can be mentioned here that the assistance of the United States, Canada and the majority of the industrialized European states has not reached the amount planned by the U.N.—0.7 per cent of the gross domestic product", Gleriy Shirokov, deputy director of the Institute of Oriental Studies at the USSR Academy of Sciences, told a TASS correspondent on the eve of Asia Week which is observed by the World Peace Council on April 5-12.

The Soviet Union, the scientist pointed out, was providing aid to its Asian neighbours--Turkey, Iran, Afghanistan and Mongolia way back in the 1920's. It was then that the main principles were formed, by which the Soviet Union abides unswervingly to this day. The aid is provided on easy terms, facilitates the development of the national economy and does not infringe upon the developing countries' sovereignty.

The USSR renders economic aid today to 66 countries, as many as 3,100 projects have been built or are under construction with its assistance. Among them are metallurgical complexes and machine-building works in Egypt, Iran, Algeria, plants of the chemicals industry and non-ferrous metallurgy in Turkey and Afghanistan, electrical power generating projects in Syria, the People's Democratic Republic of Yemen and Bangladesh.

In providing assistance the Soviet Union takes account of the interests of each specific country. In one case it undertakes to build the entire enterprise, to supply the machinery and equipment and to train personnel. For more advanced countries it is more advantageous only to use the services of Soviet specialists and Soviet-produced equipment to build projects.

Co-production, when Soviet-delivered equipment and the assistance of its specialists is paid off by supplies of the newly-built plant's output, proved a most acceptable form for such countries as India.

Granting credits on soft terms, the Soviet Union agrees to their being paid back by domestically-produced commodities, this facilitating the development of the national industry.

The projects built with Soviet assistance never experience a lack of personnel. Over 180 educational establishments built by the Soviet Union in the developing countries turn out annually more than 70,000 specialists. About 10,000 students from the newly free countries take their course of training in the Soviet Union annually, for many of them the education offered by the Soviet Union is free.

CSO: 1812/187

TRADE WITH LDC'S

CEMA AID TO SYRIA IN ELECTRICITY, INDUSTRY

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 2, Feb 84 (signed to press 9 Feb 84) pp 67-69

[Article by Aleksandr Korotayev, CEMA Secretariat: "Cooperation of the CEMA Member Countries With Syria"]

[Text] The CEMA member countries in conformity with the policy of peaceful coexistence, which is being pursued by them, and in the interests of social progress are extending their trade and economic relations with other states regardless of their social system on the basis of the principles of equality, reciprocity and the observance of sovereignty. Here they are devoting particular attention to the expansion of trade and economic, scientific and technical cooperation with less developed countries.

The cooperation of the CEMA member countries with Syria is contributing to the development of the key sectors of its economy, which are of decisive importance for economic independence and the increase of the well-being of the people. These are first of all industry and power engineering, transportation and communications, irrigation and water management construction, agriculture, as well as the training of national personnel.

The assistance of the countries of the socialist community to Syria is promoting the strengthening of the state sector. The enterprises which have been built in the state sector with their participation account for an overwhelming portion of the output of the modern sectors of industry: 100 percent of the production and refining of petroleum and phosphorus-containing raw materials and the production of nitrogen fertilizers, more than 80 percent of the generation of electric power and so on.

The Soviet Union holds the leading place in cooperation. After the signing of the first agreement between the USSR and Syria on economic and technical cooperation (1957) 38 important national economic projects were built and put into operation jointly with Soviet specialists. Among them are the largest water power complex in the Near East on the Euphrates River, which includes a dam 58 m high and more than 4 km long, a hydroelectric power station with a capacity of 800,000 kW and a reservoir with a volume of 12 billion m³. The importance of the Euphrates hydraulic development for the economy of Syria is enormous: annually the hydroelectric power station generates about 3.0 billion kWh and meets 60 percent of the total need of the country for electric

power; the created man-made sea will make it possible in the future to irrigate more than 600,000 hectares of arid lands in the zone of the hydraulic development, which will double the area of irrigated lands in the country.

Soviet organizations are giving assistance in the design and construction of 220-kV high-voltage electric power transmission lines 2,600 km long. The bulk of them--2,120 km--have already been built. This has made it possible to supply the large industrial centers of the country, including the cities of Damascus, Aleppo and Homs and the petroleum-producing region in the northeastern part of the country, with inexpensive electric power of the Euphrates hydroelectric power station, as well as to export it to Lebanon and Jordan.

According to the calculations of specialists, just as a result of the use of the electric power which is generated by the Euphrates hydroelectric power stations, the expenditures on the construction of the hydraulic complex have been completely repaid.

A modern oil drilling industry has been set up and is being developed in Syria with the economic and technical assistance of the Soviet Union. In the northeastern part of the country 6 deposits have been placed into operation and more than 100 million tons of petroleum have been produced. Let us note that geological prospecting work was performed at one time by western companies, particularly the Concordia firm, which gave a negative conclusion about the presence of commercial reserves of petroleum in Syria and halted the prospecting. Soviet specialists not only demonstrated the presence of this most valuable raw material in the depths of Syria, but also assisted in the construction of surface oil field facilities and in its production.

The USSR is giving technical assistance in transport construction: in the country a modern system of railways is being built practically anew. By now 1,280 km of railroads are already in operation. In 1980 the El Qamishliye-Latakia line 758 km in length, which linked the rich agricultural and petroleum regions of the northeastern part of the country with the seaport of Latakia, was put into operation. Roads 285 km in length from the phosphate mines in the region of Palmyra through (Mhin)-Homs-(Akkari) to the seaport of Tartus were put into temporary operation; a track on the Damascus-Homs line (208 km) was laid. Modern mainline and switching diesel engines, cars, flat-cars and tank cars were delivered to Syria from the USSR.

Soviet organizations are participating in the expansion of the seaport of Latakia from 1.6 million to 3 million tons of freight turnover a year, which in the future it is proposed to increase to 7 million tons. In 1981 the first object of the renovation of the port--a breakwater--was put into operation.

Much irrigation construction and the development of new lands, primarily in the zone of the Euphrates hydraulic development, are being carried out by the joint efforts of the USSR and Syria. This will make it possible to increase the area of irrigated lands by approximately 15 percent. In 1979 a pumping station with a capacity of 36 m³/sec for the irrigation from the Euphrates reservoir of 21,000 hectares of land was put into operation. More than 16,000 hectares of land have already been prepared for development; of them

the area planted with wheat, sugar beets, cotton and other crops came to about 10,000 hectares.

The first nitrogen fertilizer plant in the country with a capacity of 150,000 tons of ammonium-calcium nitrate a year was built with the participation of the USSR and the CSSR in the region of Bahret Homs.

The economic cooperation of the CEMA member countries is ensuring the overall development of entire sectors of the national economy of the country.

Deposits of phosphorites with total reserves of about 1 billion tons, including three large deposits in the region of Palmyra, have been proved by Soviet geologists. Bulgaria, Poland and Romania took part in the construction of enterprises for extraction and the development of these deposits. A plant for the production of triple superphosphate with a capacity of 450,000 tons a year was built in the city of Homs with the participation of Romanian organizations.

A petroleum refinery in the city of Homs with a capacity of 5.2 million tons a year was built with the participation of the CSSR, and a refinery in the city of Baniyas with a capacity of 6 million tons of petroleum a year was built jointly with Romania. They are meeting completely the domestic needs of the country for petroleum products.

As a result of cooperation with the CEMA member countries Syria has given up the import of petroleum and has itself begun to sell it on the world market. Petroleum has become the main source of currency receipts of the country. It provides about 70 percent of the revenues from export.

Syria is the first Arab country, in which the production and refining of petroleum resources are being carried out without the participation of monopolies. The completely new sectors of industry which have been set up within the state sector--oil drilling and petroleum refining--are playing a most important role in the economy of the country.

Czechoslovakia also gave assistance in the construction of a tire plant in the city of Hama with a productivity of 600,000 tires a year, two medium-wave radio stations, two sugar mills in the cities of Homs and Hama, two footwear factories in Damascus and Homs with a total capacity of 1,500 pair of footwear a day, a spinning factory in the city of Idlib with the processing of 10,600 tons of cotton and a weaving factory in Latakia with a productivity of 20 million m of fabric a year, in the construction and expansion of thermal electric power stations. The construction of another sugar mill in the city of Dier ez Zor with a capacity for the processing of 4,000 tons of sugar beets a day is being completed in 1983.

With the assistance of the GDR 4 cement plants, a large workshop for the repair of agricultural equipment, a cotton-spinning factory in the city of El Haseke for 75,000 spindles and 10 flour mills with a total capacity of 2,500 tons a day were put into operation. The construction of another three cement plants in the cities of Tartus, Adhra and (Myusulmiye) is being completed. Work is being performed on a large scale on the building of electric

power transmission lines and the electrification of Syrian villages. Two cattle farms are being built. The GDR is supplying in significant amounts complete sets of medical equipment for rural hospitals, infirmaries and medical centers.

Polish specialists participated in the construction of a plant of small-section rolled products in the city of Hama with a capacity of 110,000 tons of rolled products and wire a year, a foundry in Aleppo with a capacity of 6,000 tons of cast iron a year and two large slaughter houses in the cities of Damascus and Aleppo (2,400 head of sheep and goats a day each).

A sewing factory, a light bulb plant and a central telephone exchange were built in Damascus with the assistance of Hungary. The construction of three canneries in the cities of Idlib, Dier ez Zor and El Haseke with integrated lines for the processing of vegetables and of nine oil tanks has been completed. Jointly with Soviet organizations Hungary participated in the construction of a plant of reinforced concrete ties and centrifuged supports in Aleppo.

Bulgaria gave assistance in the construction of two cement factories and a grain elevator with a capacity of 35,000 m³ at the port of Latakia. The construction operations on the most difficult (mountain) section of the railroad from the Orontes River to the city of Latakia (90 km) have been completed. Much has been done by Bulgarian specialists in the construction of the (Asharne) irrigation system for the irrigation of 20,000 hectares and the reservoirs of (Meharde) and (Rastan).

In all about 250 industrial enterprises and other projects are being built in Syria in cooperation with the CEMA member countries; of them more than 200 have already been put into operation.

The countries of the community are granting to the Government of Syria long-term credits on easy terms for the payment for deliveries of complete sets of equipment, planning operations and other services. The repayment of the credits is being carried out by Syria, as a rule, by means of the export of traditional goods, first of all cotton, as well as petroleum, phosphorus-containing raw materials and items of national industry. Moreover, these goods enjoy a steadily increasing demand in the CEMA member countries.

The CEMA member countries are also giving much assistance to Syria in the solution of the urgent problem for it of the training of national personnel for industry, power engineering, transportation, agriculture, science and culture. Skilled workers and foremen are being trained directly in the process of the construction, installation and operation of industrial enterprises, as well as at educational institutions which have been set up with the assistance of the CEMA member countries.

At present more than 1,600 specialists from the fraternal countries, who are providing technical assistance and are passing on their abundant experience and knowledge, are working in Syria.

In the estimation of Syrian leaders, the construction of the Euphrates hydraulic development has become a genuine forge of personnel. Several thousand

skilled workers of various specialties have been trained. The educational center for the training of personnel in Aleppo alone for the Euphrates hydraulic development has graduated more than 3,000 skilled workers in 26 specialties. At present they are working at various construction projects of the country.

The number of Syrian students who are studying at higher and secondary educational institutions of the CEMA member countries is increasing. On 1 January 1983 4,300 Syrian citizens were studying at higher and secondary specialized educational institutions of these countries. In all about 6,700 Syrians have received an education at them.

The CEMA Stipend Fund was set up during the 1974/75 school year. During 1974-1982 200 Syrian citizens, who held CEMA stipends, were admitted to the higher educational institutions of the countries of the socialist community; 60 of them have already received a specialty.

The extensive cooperation of the CEMA member countries with Syria is contributing to the rapid movement of this country along the path of progress and the winning of economic independence, the solution of urgent socioeconomic problems and the increase of the standard of living of broad strata of the population.

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